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Affordable Housing Strategy

Prepared for the
City of Greenville, South Carolina

May 27, 2014

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Chapter I

INTRODUCTION

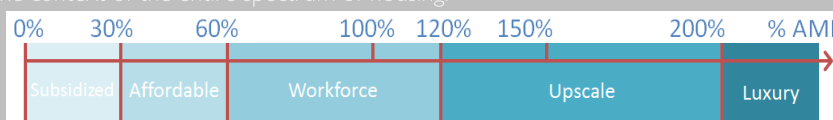
In the spring of 2014, Development Strategies was commissioned to conduct a citywide affordable housing study for the City of Greenville. The focus of the study is on understanding the problems, challenges, and opportunities relating to the delivery of affordable housing in Greenville, and the strategies needed to address them. The intent is to provide the city with a sound understanding of the conditions of the affordable housing market, and a clear, data-driven foundation from which to build effective housing strategies.

It therefore analyzes the causative factors that lead to differences in the quality of affordable housing, the demographic variables that correlate with affordable housing, and the policies that could lead to better outcomes and uses of limited public funds. To accomplish this, the study is organized in the following way:

1. **Introduction:** A report overview and outline is provided, as well as the specific geographic areas that are studied.
2. **Summary of Challenges and Opportunities:** In April 2014, a series of interviews were conducted of a broad cross-section of people involved in the affordable housing industry to understand current challenges and opportunities.
3. **Demographic and Household Analysis:** An analysis of census-driven data on demographic and household variables is analyzed to reveal trends and patterns in the composition of Greenville residents as they relate to affordable housing.
4. **Supply Analysis:** Trends in the supply of housing are evaluated, including affordable and market rents and sale prices.
5. **Demand:** The depth of demand for housing by the affordability level of existing households is quantified for all housing formats, including affordable housing.
6. **Housing Strategies:** In the final chapter, strategies are recommended that address issues identified in the previous chapters.

What is affordable housing?

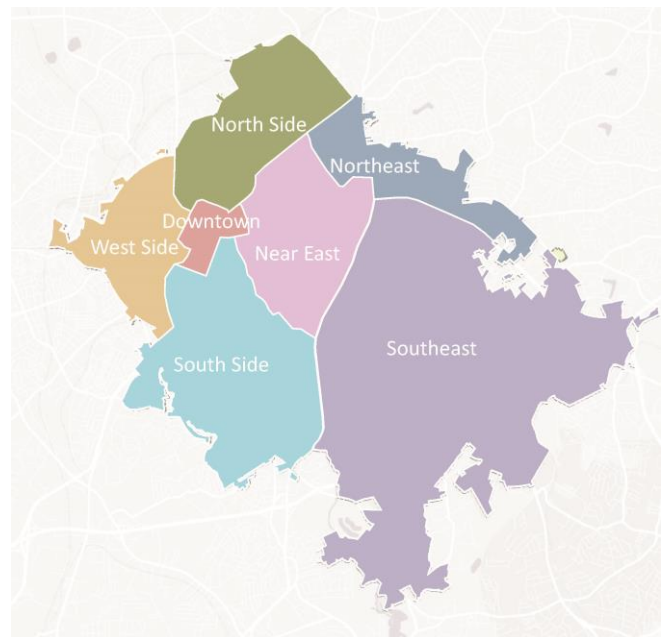
While perceptions of low and moderate income housing can vary, it is generally accepted that low-income housing targets households that earn between zero and 30 percent of area median income (often abbreviated to "AMI", this figure is \$58,000 for the Greenville metro), while moderate-income housing targets households that earn between 30 and 60 percent of AMI. Following indicates affordable housing within the context of the entire spectrum of housing.



- **Subsidized Housing:** generally targets households earning between zero and 30 percent of AMI annually, which amounts to a range of zero to \$17,500 for a four-person household in Greenville. Such residents typically qualify for Housing Choice or "Section 8" Vouchers, in which tenants devote 30 percent of their income to rent, and federal subsidy pays the remaining amount to the landlord.
- **Affordable Housing:** generally targets moderate income households that earn between 30 and 60 percent of area median income, for a range of \$17,500 and \$35,000 for a four-person household in Greenville. The Low-Income Housing Tax Credit (LIHTC) program generally targets this group by subsidizing developers and landlords to enable them to charge below-market rents for qualifying households.
- **Workforce Housing:** definitions of workforce housing vary, but it is generally thought to target households that earn between 60 and 120 percent—or 80 and 120 percent, by some definitions—of AMI. Generally speaking, there are few government programs that target this group, since the private market can generally deliver quality housing to this group. This is particularly true in a fairly affordable market like Greenville, although the provision of quality workforce housing is a significant issue in areas such as New York and San Francisco that have high costs of living.
- **Upscale and Luxury Housing:** such housing is sometimes referred to as "high-end" and generally targets households earning 120 percent of AMI or more—that is, the most affluent residents in a region.

Study Areas: Submarkets

Providing an affordable housing strategy for an entire city is inherently challenging because different neighborhoods have different challenges and opportunities. The city is therefore subdivided into seven study areas or submarkets in order to gain a better understanding of how conditions vary by geography. The seven submarkets were determined after analyzing socio-economic data, identifying man-made and natural boundaries, and conversations with city and housing officials, and are indicated on the following map.



Downtown: The center of the Greenville economy, it is facing a significant influx of affluent, educated residents who desire a more urban, walkable lifestyle. It has a significant population of low and moderate-income households.

West Side: The submarket with the greatest concentration of low-income residents, West Side faces challenges of providing quality affordable housing, has the opportunity to leverage its location near downtown, and may someday need to address issues related to gentrification.

North Side: A somewhat socioeconomically diverse submarket, North Side has a fair amount of housing that accommodates households with moderate incomes.

South Side: The most affluent of Greenville submarkets, South Side's greatest challenge may be the provision of housing that is affordable to low and moderate income households.

Near East: The most ethnically diverse submarket, Near East has varying degrees of housing quality and affordability, pointing to the need for different housing strategies for different neighborhoods.

Northeast: The youngest and most densely populated submarket, the Northeast has a high percentage of multi-family apartments, as well as people attending college.

Southeast: The southeast submarket is the largest in area and offers a great deal of relatively new, low-density housing.

Chapter 2

SUMMARY OF CHALLENGES AND OPPORTUNITIES

Challenges and Opportunity—Key Insights

The term “affordable housing” is relative, as everyone seeks an affordable home. But, as personal income increases, a household naturally has more affordable housing choices available. Increasing the affordability of Greenville’s housing, therefore, is directly tied to increasing accessibility to good jobs and general economic development. On the other hand, households with fixed incomes, low-wage jobs, or without employment often have very few modern affordable housing options, and some wait months for an available unit—either on formal waiting lists or simply until an affordable home comes on the market. Those with credit problems, criminal backgrounds, or who are dealing with various addictions may find it all but impossible to qualify for modern affordable housing, and often live in substandard conditions without an adequate support environment to resolve behavioral issues which, if corrected, could increase the choice of affordable housing rents and prices.

Affordable Housing: A Changing Landscape

As is discussed in detail throughout this report, the demographics in Greenville have changed during the past 20 years and continue to change, resulting in demand for types of housing that were considered obsolete in years past or were even non-existent in significant amounts. Smaller homes are in greater demand, some of this in multifamily rental structures but much in owner-occupied single family home products. There is some evidence, for example, that Mill Housing on the periphery of Greenville is increasing in demand because it is affordable, convenient, small, and in already established “communities.” And, like most cities, older parts of Greenville have slowly emptied, while new development has occurred outside the city or on its periphery, which not only spreads limited municipal resources more thinly but contributes to higher public service costs and reduced affordability.



Stakeholder Interviews

Consistent through the conversations held Greenville area affordable housing stakeholders and other interested parties as part of this study was the hope that more, good quality, affordable housing could be made available to those who desire to live in the city of Greenville near employment, family and friends, and community resources. Few felt Greenville had deep problems with housing affordability, and all agreed the city has done well in building a foundation of support to assist both housing developers and the households they serve. In many ways, affordable housing is not a “crisis issue” in Greenville, though it is a crisis issue for individual households living in substandard conditions.

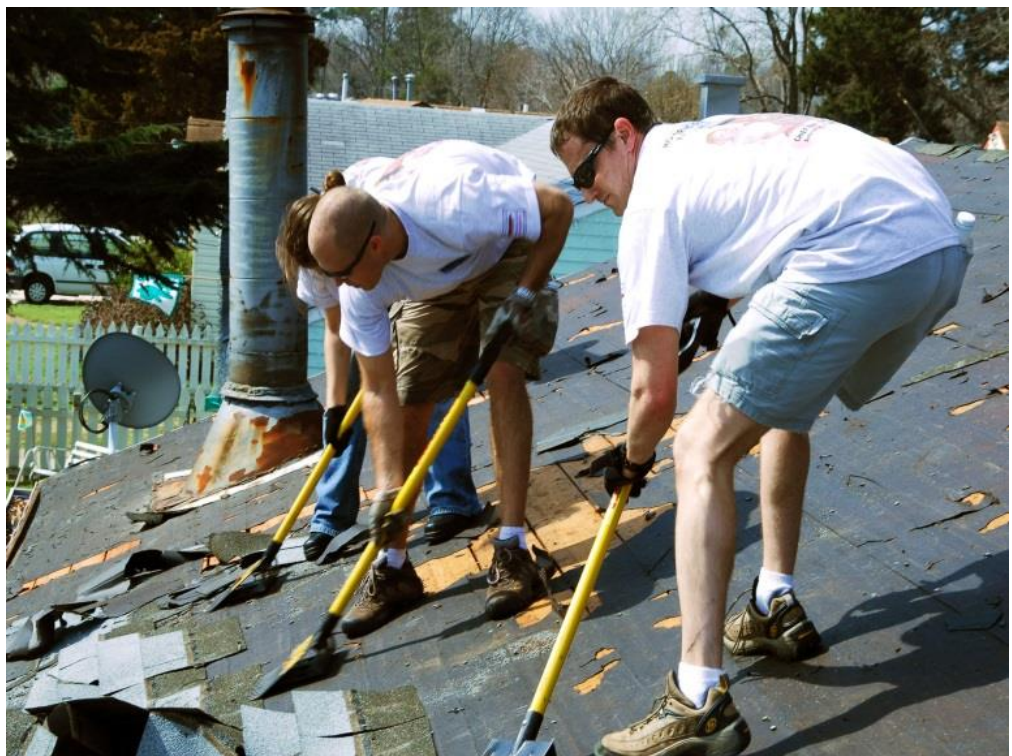
The following points summarize specific affordable housing issues raised in these recent conversations, ongoing housing concerns the city is addressing, and challenges and opportunities noted in the current city-wide housing strategy.

Funding New Housing

Funds to create housing and keep it affordable is an often-raised topic in Greenville. Housing developers, for instance, noted that the city has almost everything in place to support new affordable housing—including strong demand, great master planning, experienced community development corporations (CDCs), quality development guidelines—except “money,” specifically “cheap money” (more on cheap money later).

Decreasing Federal Dollars

With U.S. Department of Housing and Urban Development (HUD) funds greatly diminished over the past few years, the Greenville’s Community Development Division (CDD) has had shrinking funds to invest in the progressive housing activities that it became known for over the past decade. Homebuilders and developers have appreciated the City’s willingness to assist with acquiring properties and land-banking, demolitions, improving infrastructure, and community policing, as well as its cooperative involvement in the process. But the CDD’s direct involvement is languishing for lack of funding, whether federal, state, or local.



Finding More Local Dollars

While state and federal funds should continue to be lobbied for, more local sources for funding housing should be promoted, including:

- Directing some tax revenue and/or fees collected from new development projects toward CDD for purposes of supporting affordable housing programs. For example, as a replacement for HUD grants, the city could develop a dedicated funding stream via a housing trust fund.
- Requiring mixed-income housing in “hot” market areas via inclusionary zoning.
- Engaging local philanthropy and financial institutions for monetary support, though using methods to reduce financial risk to such support. “Cheap money” (e.g., low/no interest loans) was reported as an acceptable substitution for “free money” (e.g., HUD grants) and would also promote continued reinvestment by the private market.

Limited HOME Funds

Grants from HUD to states and units of general local government to implement increased homeownership and affordable housing opportunities for low and very low-income households have declined substantially which has forced very capable and formerly locally active CDCs to re-focus their efforts in other parts of the region and state with better resources. There was a suggestion that better collaboration among Greenville area non-profits would help avoid duplicate efforts while concentrating resources more efficiently and effectively.

Advocacy for Affordable Housing

Both for profit and non-profit developers desire help from the city in identifying subsidy programs that they might use to encourage infill development and renovation, a task well-suited to the CDD. The city should also advocate and support community associations, creation of community gardens (even as interim land uses), public meetings, police involvement, and code enforcement. City should acknowledge disconnect between low-income person’s resources of time/money and search/need for education regarding housing and employment

CommunityWorks Carolina

CWC has been in place since 2008 to promote affordable housing, financial wellness, and community economic development to empower low wealth families and communities, partly through improved education of buyers about homeownership. But there is at least the perception that, while becoming more popular, it is still not a widely-used source of equity. Many housing advocates emphasized the crucial link between economic development, job creation, accessibility to jobs (transit improvements and related), and being able to afford good quality housing.



Single Family Renovation/Repair Program

Community members and city officials alike are concerned about disinvestment in some neighborhoods. There is a perception that owners of housing are not fully maintaining those homes, perhaps for fear of not recouping such investments when the home is sold or rented, triggering a self-fulfilling cycle that reduces the desirability of certain neighborhoods.

Obsolete Housing Stock

While there might technically be more “affordable housing” than first meets the eye, much of it is obsolete and/or too small. For instance, while originally designed as largely self-contained communities, housing in Greenville’s Mill Towns was apparently not meant to last as long as it has. A significant proportion of the housing in some parts of the city (and immediately adjacent unincorporated areas) is of a style that is no longer preferred in the market or has limited appeal because the homes are smaller than typical new homes. Still, Mill Town housing is often considered affordable to certain demographic groups but reinvestment is necessary to assure high quality standards.

Code Enforcement

Code enforcement is thought to be inconsistent in Greenville, especially for rental housing. City officials acknowledge that it is “difficult to enter private homes” for adequate code enforcement, but it is possible under, say, licensing or occupancy permit programs if legislatively enacted.

- But code enforcement should incorporate policies and programs to encourage reinvestment—say, grants, loans, and other means to upgrade occupied housing. Older properties, for instance, have higher utility costs because they have old, inefficient systems, drafty windows, and limited insulation. The resulting high utility costs, particularly in the winter, are especially burdensome on low-income families, thus decreasing affordability.

Rental Properties

Although most landlords in Greenville manage and maintain their properties in a forthright manner, there are some who create significant problems because they do not properly maintain their properties or treat their tenants well. This contributes to disinvestment and neighborhood decline which, in turn, discourages nearby landlords and homeowners to delay some maintenance—again, the self-fulfilling cycle of deterioration.

- The South Carolina Residential Landlord and Tenant Act covers landlord and tenant obligations but is not well-enforced.
- Landlords generally welcome the city’s assistance, but not intrusiveness and burdensome or “blind” bureaucracy. Enforcement must be applied consistently and fairly.
- Occasional inspections can be an opportunity to meet tenants with public assistance and provide education about rights and responsibilities.



Innovative Housing Products

Greenville needs new or renovated “starter homes” that are small but affordable for young professional singles and couples who have promising careers and future income growth, but lack credit and/or down payment cash at present. These are not necessarily persistent low-income or low-wealth households, but they bring important labor force talent to Greenville and initially need a boost. Moreover, the City should investigate and eventually encourage innovative or formerly discouraged housing types like mother-in-law suites built as rental on larger properties, senior housing in a number of creative designs, and the adoption of appropriate zoning overlays to support and encourage affordable housing in mixed-income environments.

Places First, Housing Second

Still, a common refrain was to focus not on units or products, but on building neighborhoods and communities that offer a wide range of products and a range of prices and rents. Communities can build defined centers with a sense of place. Both the housing and labor markets favor places with character, including walkable neighborhoods and spaces that support active living. Affordability increases with less reliance on automobiles and reduced distance to private and public services.

Marketing the City

One means to attract more households willing and able to invest in Greenville’s housing stock is to better educate people and housing realtors about efficiencies of city living. “Sell” Greenville as a unique place that can actually save them costs—commuting costs can be reduced, housing prices can be more affordable, and so on. Increasing the demand for housing in Greenville through marketing will increase the investment in the city’s housing, with an outcome that more resources are raised for affordability programs.

- That said, virtually everyone agreed that demand is increasing for urban housing. This creates a need and an opportunity for a “housing summit” to increase awareness of options in transitional neighborhoods, especially those close to downtown. These options should include programs to preserve affordable housing options even as the private market puts upward pressure on housing values.
- The summit should include the general public, housing realtors, and housing developers with a purpose to increase both marketability and affordability for a wide range of income/wealth classes.

Historic Preservation and Design

Nearly all believe it’s important to preserve city’s historic character even as affordable housing is renovated or built. Enforceable urban design guidelines for existing and new construction should respect the existing building stock. That said, the city has done very well encouraging good design practices.



Chapter 3

DEMOGRAPHIC AND HOUSEHOLD ANALYSIS

Demographic Overview of Greenville

Understanding the demographics of the Greenville region provides a good first step in creating a strategy aimed at improving its affordable housing stock. Historic population and household trends provide a basic framework for understanding demand for housing, while income data allows for more detailed insight into what types of housing are needed. The following sections explore key population, household, and income trends. Specific housing indicators will be included in a later section, titled, “Housing Indicator Analysis.”

Population Trends

Significant population growth at the state level over the past decade has been driven in part by rapid growth in Greenville County and the Greenville-Mauldin-Easley Metropolitan Statistical Area (MSA). Between 2000 and 2012, the county's population grew more than 20 percent—slightly faster than both the state (17.8 percent) and the MSA (16.1 percent).

Population growth in the city of Greenville has lagged behind the region as whole, increasing just 8.6 percent over the span. However, population projections in the city are positive through 2017, with growth expecting to accelerate to more than ten percent. This can likely be attributed to changing demographic trends and preferences that have led to increased desirability of urban living and urban lifestyles.

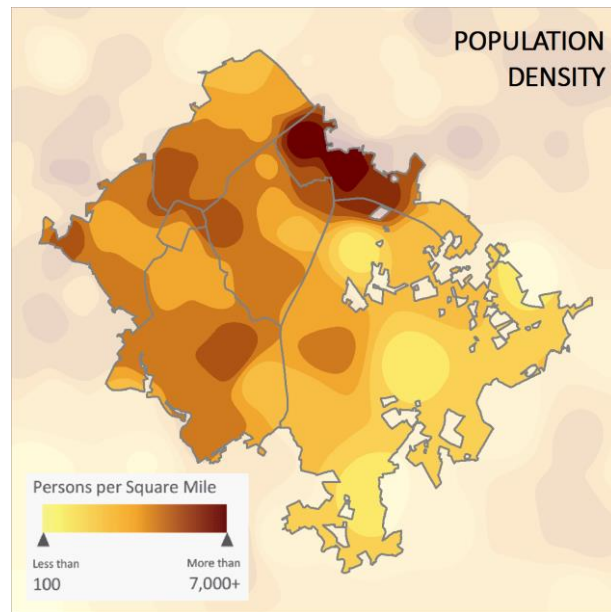
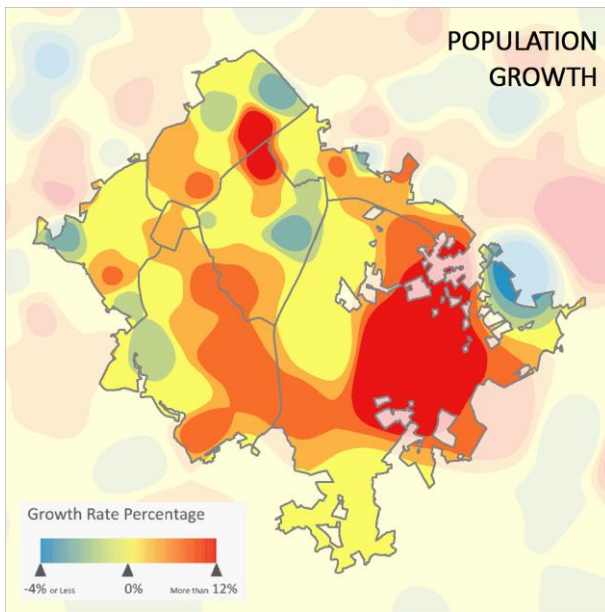
Regional Population Trends

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<i>Description</i>	<i>Greenville</i>	<i>Greenville</i>	<i>Greenville</i>	<i>South Carolina</i>
		<i>County</i>	<i>MSA</i>	
Population				
2017 Projection	67,367	504,146	693,443	5,032,194
2012 Estimate	60,935	464,394	651,393	4,739,840
2010 Census	58,409	451,225	636,986	4,625,364
2000 Census	56,002	379,616	559,940	4,012,012
Growth 2012-2017	10.6%	8.6%	6.5%	6.2%
Growth 2010-2012	4.3%	2.9%	2.3%	2.5%
Growth 2000-2010	4.3%	18.9%	13.8%	15.3%
Household Size				
2017 Projection	2.09	2.49	2.49	2.49
2012 Estimate	2.08	2.48	2.49	2.50
2010 Census	2.08	2.49	2.49	2.49
2000 Census	2.11	2.47	2.48	2.53
Growth 2012-2017	0.5%	0.4%	0.0%	-0.4%
Growth 2010-2012	0.0%	-0.4%	0.0%	0.4%
Growth 2000-2010	-1.4%	0.8%	0.4%	-1.6%


Overall population growth in the city of Greenville has varied across the seven designated submarkets. Between 2000 and 2012, Greenville's Downtown grew nearly 50 percent—by far the largest proportional increase over the period. While this figure is significant, it is partially a product of Downtown's relatively small residential population. Still, this is very much in-line with a national trend of downtown housing growth in urban areas, and points to a very positive trend for Downtown Greenville and an economic generator for the city and region. Balancing this influx of relatively affluent new residents with the needs of the existing (and largely low and moderate income) residents is a critical challenge for Greenville.

The Southeast submarket had the largest increase in pure population, adding 2,988 residents between 2000 and 2012—growth of nearly 30 percent—and accounted for nearly 70 percent of the total population growth in Greenville over the span. The Northeast submarket grew steadily as well, increasing 16 percent.



Projected net population growth in the West Side and Near East submarkets through 2017 represents a significant shift in recent trends. Between 2000 and 2010, overall population in both submarkets decreased between seven and ten percent. Residential populations remained relatively stable in both areas between 2010 and 2012, and are projected to trend positively over the next several years. These neighborhoods provide good opportunities for reinvestment, as they are well-located near the amenities of Downtown and de-population in previous decades have suppressed property values in the area. Overall population growth across the seven designated submarkets is expected to continue through 2017 between six and 16 percent.

Population trends in Greenville are summarized in the table below.

Key Demographic and Housing Summary by Submarkets			Downtown	West Side	North Side	South Side	Near East	North East	South East
	Median Household Income:		\$16,000	\$17,000	\$42,000	\$45,000	\$27,000	\$39,000	\$46,000
	% Households Making less than \$25,000 Per Year		63%	64%	29%	38%	47%	28%	24%
	Population Growth ('10-'12):		44%	-11%	4%	5%	8%	9%	16%
	Population Growth ('12-'17):		12%	6%	4%	11%	3%	3%	8%
	Median Housing Value:		\$194,000	\$82,000	\$158,000	\$199,000	\$100,000	\$142,000	\$162,000
	% Renter Occupied Units:		68%	70%	36%	28%	59%	75%	59%
	Vacancy:		12%	23%	9%	11%	14%	7%	11%

Household Trends

Households are formally defined as “occupied housing units regardless of the relationship of the household members.” While household trends are generally similar to population trends in a given area, significant demographic shifts can cause the patterns to diverge. Rates of household and population growth in Greenville track closely across the majority of the submarkets and the city overall. One notable exception is the Northeast submarket. While the population in the area grew about 16 percent between 2000 and 2012, household growth of the same span was much higher at 28 percent. This is likely due to an influx of smaller one- and two-person student households in the submarket driven by the presence of Bob Jones University, and a decrease or downsizing of larger families. During the period, average household size in the Northeast submarket decreased from 2.01 to 1.97 persons.

The population and household trends for Greenville indicate that there has been significant growth in the city over the past decade, suggesting a continued demand for new housing. Greenville's Downtown has shown a resurgence in residential growth since 2000, and neighborhoods adjacent to the east and west have recently begun to reverse decades-long patterns of population decline. The challenge, in some places, will be accommodating market demand for infill housing in transitional neighborhoods that are evolving, given the difficulties of land assembly, and a lack of economies of scale for smaller developments, and the need for gap financing.

Age Trends

The overall population of Greenville is relatively evenly distributed by age, with the *Early Workforce* (ages 25 to 34), *Family Years* (ages 35 to 49), and *Empty Nesters* (ages 50 to 64) cohorts each comprising just under 20 percent of the total population, and an overall median age of 35 years. While most of the submarkets follow similar trends, the Northeast study area has the lowest median age by a significant margin (25 years), driven in part by a large *College Age* cohort that comprises 38 percent of the total population in the submarket.

Due to this concentration of college students, this submarket will have a large proportion of households that earn very low wages; however their housing needs—and effective housing strategies—will be very different from a submarket with low-income residents. For example, code enforcement is an issue that comes to the fore with student housing, whereas low-income areas often require subsidies in order to deliver quality affordable housing.

On the other end of the spectrum, the West Side submarket has the highest median age (42), and the largest cohort of *Empty Nesters*, as older households have remained in the area despite depopulation throughout the past several decades.

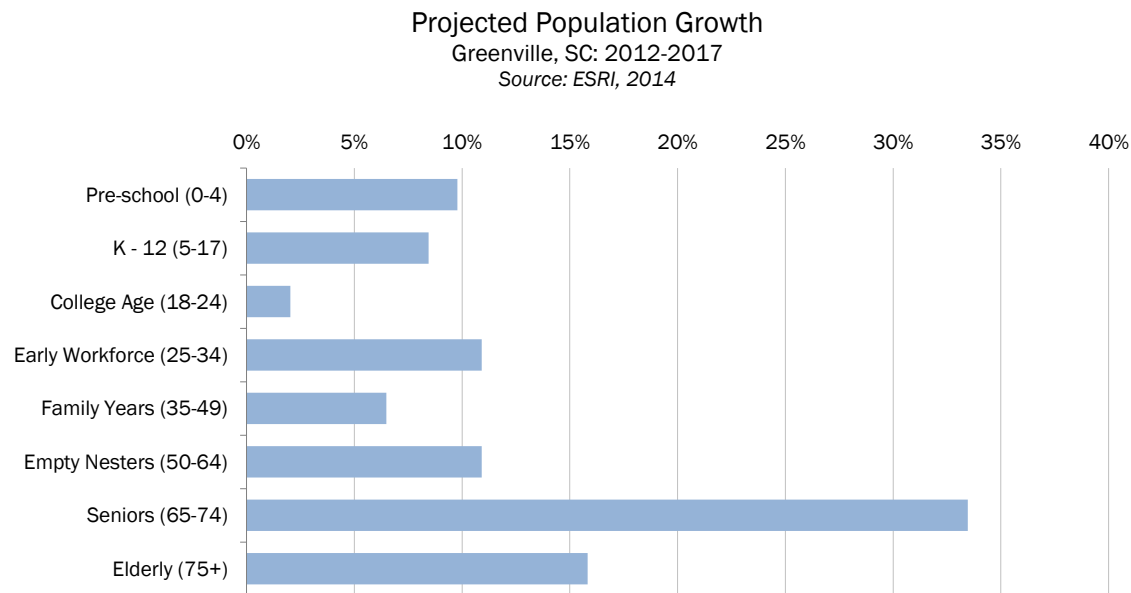
The age distribution for the city of Greenville and the designated submarkets are shown below.

Age Distribution Comparison

Age Cohort	Downtown	West Side	North Side	South Side	Near East	Northeast	Southeast	Greenville
Total population:	60,935	6,183	8,166	14,188	9,901	10,734	14,766	67,367
0 - 4 (Pre-school)	6%	6%	7%	7%	7%	5%	6%	6%
5 - 17 (K-12)	13%	14%	12%	14%	12%	9%	15%	13%
18 - 24 (College Age)	14%	8%	6%	8%	12%	38%	11%	14%
25 - 34 (Early Workforce)	17%	13%	20%	15%	18%	18%	19%	17%
35 - 49 (Family Years)	19%	21%	22%	19%	20%	13%	18%	19%
50 - 64 (Empty Nesters)	18%	24%	20%	21%	18%	11%	16%	18%
65 - 74 (Seniors)	7%	7%	6%	9%	6%	4%	7%	7%
75+ (Elderly)	7%	7%	7%	8%	7%	4%	7%	7%
Median Age	35.0	41.5	37.6	39.4	35.7	24.9	34.5	35.0

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Overall population growth at the city level will drive an increase in each of Greenville's age cohorts. Through 2017, the *Seniors* and *Elderly* cohorts are expected to grow the most significantly, at 33 and 16 percent, respectively. This will likely fuel demand for affordable senior housing as householders age out of single-family homes and seek to down-size. Growth across the remaining age cohorts is expected between six and eleven percent, with the exception of the *College Age* cohort, which is projected to grow two percent over the span.



Household Income

Household income is one of the most critical determinants of housing affordability and demand. Understanding the income distribution of a community creates perspective as to what housing types are needed to ensure that all segments of the population have appropriate housing options. The overall median household income in the city of Greenville (\$37,000) is approximately 13 percent below that of the MSA and 18 percent below that of the county. Greenville therefore has a disproportionate amount of low and moderate income housing—as well as singles and young people, who tend to earn less, on a household basis. These trends are all common for central cities and point to the need for regional strategies to equitably share affordable and subsidized housing, and for greater regional housing resources to be focused in Greenville.

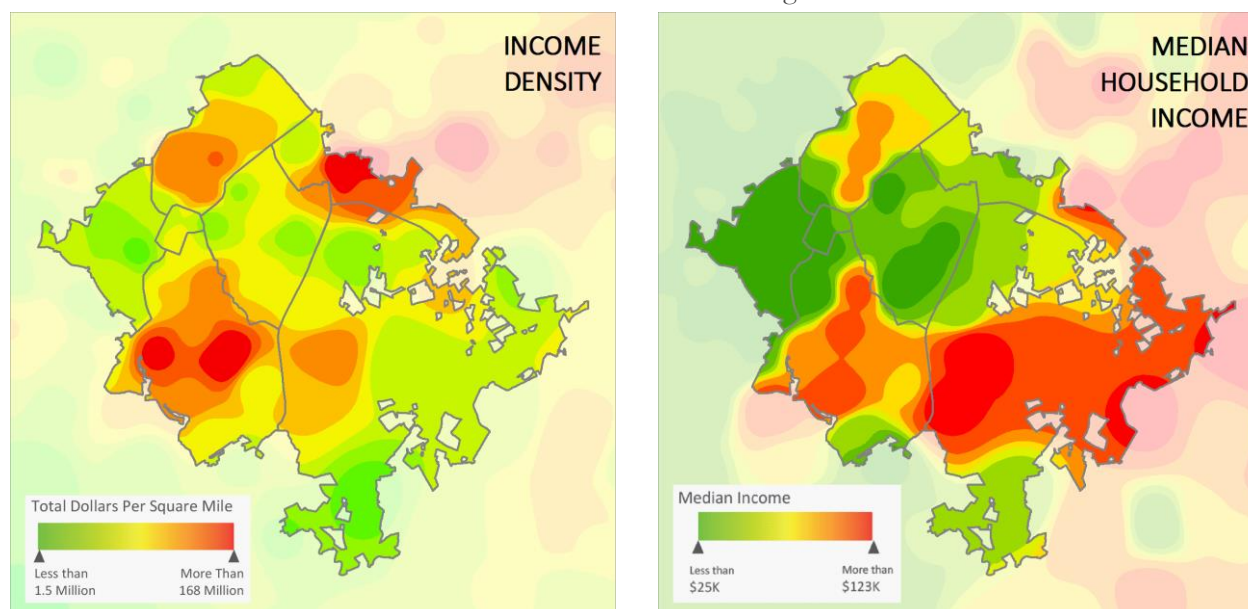
Regional median income trends are shown in the table below.

Regional Median Income Trends	Description	Greenville	Greenville	Greenville	South
			County	MSA	Carolina
© ESRI, 2014	Median Household Income				
	2017 Projection	\$43,484	\$51,742	\$50,225	\$48,527
	2012 Estimate	\$36,834	\$44,387	\$42,147	\$41,425
	2000 Census	\$33,187	\$41,234	\$39,215	\$37,137
	Annual Growth 2012-2017	3.4%	3.1%	3.6%	3.2%
	Annual Growth 2000-2012	0.9%	0.6%	0.6%	0.9%
	Growth 2012-2017	18%	17%	19%	17%
	Growth 2000-2012	11%	8%	7%	12%

Income growth was low between 2000 and 2012, due in large part to the “Great Recession” of 2008. Income growth over the next five years is projected to be far more robust, which should lead to better home appreciation and opportunities for investment in new and rehabilitated housing.

Significant income disparities exist across Greenville’s submarkets, pointing to the need for greater intervention in some areas of the city, as well as differing housing policies based on location. The Southeast submarket has exhibited the fastest population growth of the selected areas over the previous decade and has the highest median income (\$46,000). Income growth was generally poor from 2000 to 2012, following a national trend in which a great amount of jobs, income, and wealth were lost in the Great Recession of 2008. That said, downtown fared well, which was likely due to an influx of wealthier residents—a trend seen in downtowns across the nation over the past decade. South Side also fared well; it has the highest concentration of affluent and highly educated residents in the city.

Income trends for the selected submarkets are shown in the following table.



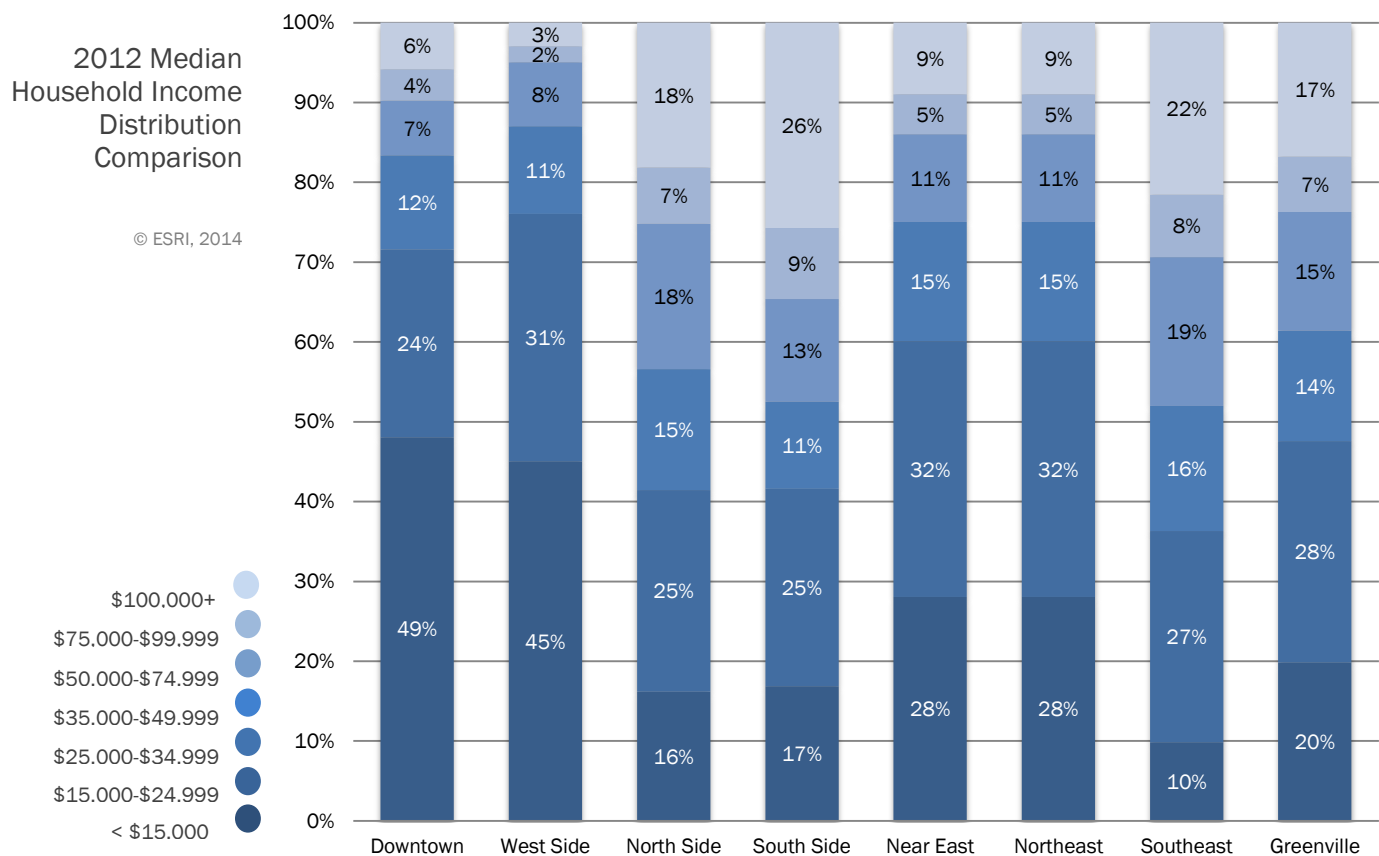
Income Trend and Distribution Comparison

Description	Downtown	West Side	North Side	South Side	Near East	Northeast	Southeast	Greenville
Median Household Income								
2017 Projection	\$17,808	\$17,132	\$50,560	\$54,846	\$30,429	\$44,914	\$53,371	\$43,484
2012 Estimate	\$15,761	\$16,811	\$42,467	\$45,298	\$26,631	\$38,542	\$45,806	\$36,834
2000 Census	\$11,642	\$16,318	\$40,218	\$38,196	\$23,991	\$36,919	\$42,709	\$33,187
Annual Growth 2012-2017	2.5%	0.4%	3.6%	3.9%	2.7%	3.1%	3.1%	3.4%
Annual Growth 2000-2012	2.6%	0.2%	0.5%	1.4%	0.9%	0.4%	0.6%	0.9%

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Further analysis of the income distribution across Greenville's submarkets provides context to the data above. Nearly half of the households in Greenville's Downtown and West Side submarkets are very low-income, earning less than \$15,000 annually. This is a strong indicator of the need for affordable housing in the areas and the densest concentration of poverty in the city, as no other submarket exhibits more than 28 percent of the population earning similarly low figures. In contrast, the South Side and Southeast submarkets are relatively affluent, with 26 percent of households earning more than \$100,000 annually. This proportion is followed closely by the Southeast submarket at 22 percent.

The following graph compares the distribution of median household incomes by income strata in Greenville and the seven designated submarkets.



The income disparities across the Greenville submarkets are representative of the city's varied housing needs. While the South Side and Northeast submarkets appear relatively stable with populations more affluent than the city overall, affordable housing options remain largely unaddressed within and adjacent to Greenville's Downtown. Nearly half of the population in these areas is very low-income, earning less than \$15,000 annually.

Housing Indicator Analysis

This analysis focuses on specific data that provides insight into the makeup of the housing stock and housing affordability in Greenville. As with the demographic data, different data sources (i.e., Esri, U.S. Census Bureau, American Community Survey) report estimates for categories such as housing units, households, and median housing value. American Community Survey for 2008 to 2012 data allows for a detailed comparison of housing characteristics. It also provides more up-to-date data for the following categories: year structure built, homeownership and rental vacancy rates, number of bedrooms, owner-occupied vs. renter-occupied housing values, monthly mortgage payments, and average gross rental rates.

Housing Trend Comparison

The following table summarizes various housing trends in Greenville, Greenville County, and South Carolina. When comparing Greenville to the region overall, several trends are apparent. First, the city exhibits a significantly larger proportion of rental households than either the county or state, with approximately 54 percent of all housing units renter-occupied, compared to just 33 percent in Greenville County and 31 percent in South Carolina. This is driven in part by a median household income in the city that is eleven percent below the state figure and 17 percent below the county overall, as well as limited access to mortgage credit and a local housing market that remains relatively weak. Second, the Greenville has a significantly smaller average household size compared to the remaining study areas at just 2.1 persons, and the lowest median household income at \$37,000. This is common among central cities, which tend to attract more young, single people. This also drives household income down, because there is often a single income earner in a household. However, income on a per capita basis in places like Greenville tends to be closer to regional figures.

Housing Trend Summary	Category	Greenville	Greenville County	South Carolina
© ESRI, American Community Survey 2008-2012	Households	26,824	182,334	1,842,851
	Housing Units	29,097	195,348	2,134,456
	Renter Vacancy Rate	10.0%	8.8%	12.7%
	Owner Occ. Vacancy Rate	4.2%	2.5%	2.8%
	Overall Occupancy Rate	88%	91%	84%
	% Owner Occupied Units	46%	67%	69%
	% Renter Occupied Units	54%	33%	31%
	Avg. HH Size	2.08	2.48	2.50
	Median Housing Value	\$147,592	\$146,071	\$136,860
	Median Gross Rent	\$736	\$730	\$749
	Median HH Income	\$36,834	\$44,387	\$41,425

Housing Affordability¹

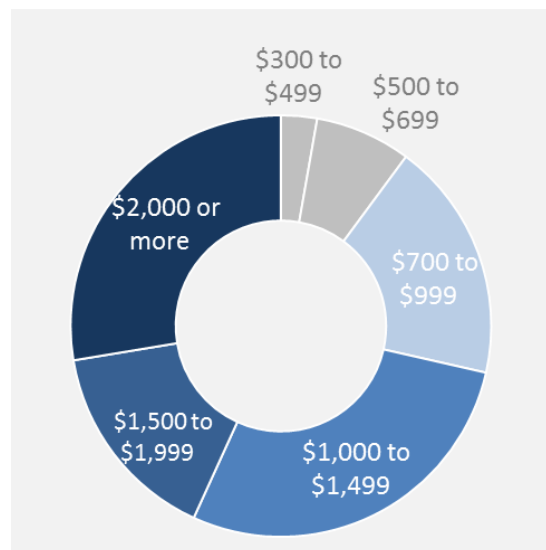
The American Community Survey provides data that indicates how much people pay for housing, both owner-occupied and rental. The charts to the right display the distribution of housing payments for renters and homeowners in Greenville. It is important to note that this comparison is not “apples to apples” because the mortgage cost data only includes all payments to the lenders: the principal and interest payments, real estate taxes, fire, hazard, and flood insurance payments, and mortgage insurance premiums, but not utilities. Conversely, the gross rent data includes the monthly rent paid and utilities.

An equal proportion of mortgage payments in Greenville fall between \$1,000 and \$1,499 and exceed \$2,000 per month, with each group accounting for approximately 28 percent of all mortgage payments in the city. By comparison, just 13 percent of all renters pay more than \$1,000 per month in rent, including utilities. Approximately four percent of all renters in the city pay less than \$200 per month, indicating that they live in highly subsidized housing including family-owned units at no cost, Section 8 vouchers, or tenant-based rental assistance.

The median mortgage payment is \$1,387 and the median gross rent is \$736 per month, suggesting that rental housing is typically significantly more affordable than homeownership in Greenville. This highlights that homeownership remains well out of reach for most low-income households in the area, and emphasizes the need for additional quality affordable housing.

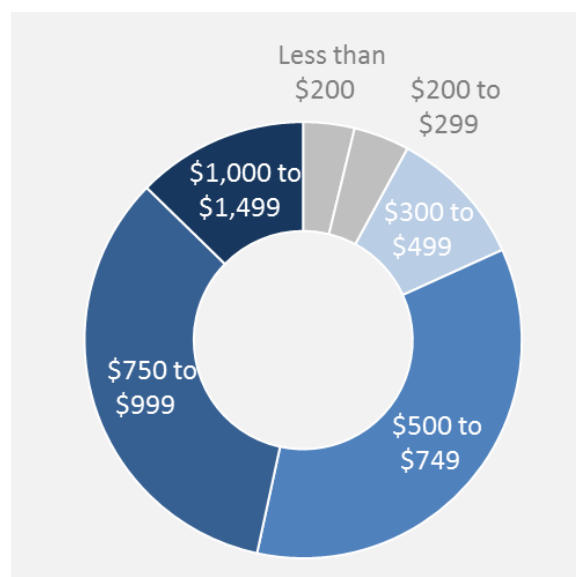
Housing Affordability

Monthly Mortgage Costs, Greenville, SC



Housing Affordability

Monthly Rent Paid, Greenville, SC



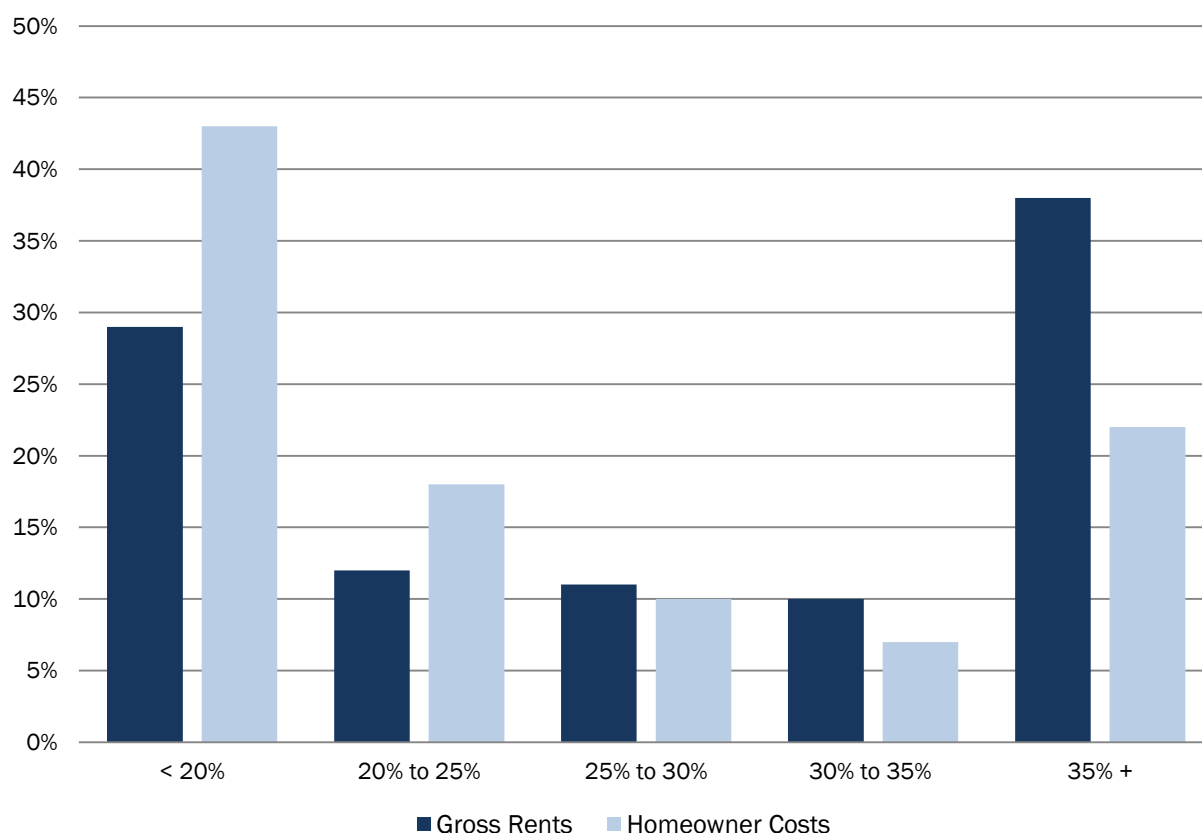
¹ “Monthly Mortgage Cost” data from the American Community Survey includes all expenses paid to the lender: principal and interest payments, real estate taxes, fire, hazard, and flood insurance payments, and mortgage insurance premiums. Utilities and maintenance are not included. “Gross Rent” data includes all housing expenses for renters: their rent and utility costs.

Housing Cost Burden

Another important indicator is how much people pay for housing as a proportion of their household income. In the U.S., about 37 percent of all homeowner households and 52 percent of all renter households pay more than 30 percent of their monthly income for housing.² This is important because this is the threshold defined by the U.S. Department of Housing and Urban Development (HUD) and other housing experts that defines when the cost of housing becomes a burden, or when the cost of housing forces households to cut back on other necessities. In South Carolina, 33 percent of homeowners and 52 percent of renters pay more than 30 percent of their income for housing.

Housing Cost as Percent of Household Income: Percentage Comparison

Source: American Community Survey (2008-2012)



This data offers important implications because households paying more than 30 percent of their income for housing are more likely to have trouble affording other necessities, such as utilities, maintenance, transportation, and food. Therefore, it is necessary to provide these households, through various government programs and non-profit agencies, services that assist them in obtaining appropriate housing.

² U.S. Census Bureau, American Community Survey (2005-2007)

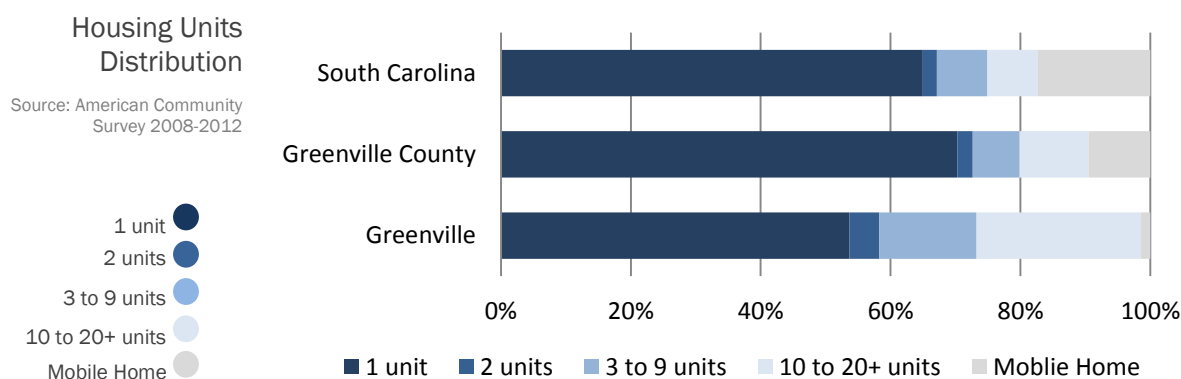
Characteristics of the Housing Stock

Greenville's housing stock is significantly older relative to the county and state. Approximately 19 percent of homes in the city were built before 1940, compared to only nine percent of homes from the same era in Greenville County and South Carolina overall. New construction has been modest over the past several years, with just 87 units built since 2010. This followed a relatively rapid burst of construction during the housing bubble of the early 2000s, as the 4,272 units built over the period were the most of any decade since the 1950s. That said, the growth in households in non-urban parts of the county has been evident in the data, as new construction in Greenville County and South Carolina has significantly outpaced the city since the beginning of the 1980s. Older housing stock remaining in the city typically has more deferred maintenance issues and potentially higher utility costs that may reduce its appeal.

Housing Units by Year Constructed	Greenville			Greenville County		South Carolina	
	Year Constructed	Number	Percent	Number	Percent	Number	Percent
	Built 2010 or later	87	0%	955	0%	9,089	0%
	Built 2000 to 2009	4,272	15%	39,963	20%	427,379	20%
	Built 1990 to 1999	3,622	12%	37,717	19%	435,631	20%
	Built 1980 to 1989	3,561	12%	28,111	14%	362,929	17%
	Built 1970 to 1979	3,807	13%	31,566	16%	344,753	16%
	Built 1960 to 1969	3,353	12%	21,305	11%	207,282	10%
	Built 1950 to 1959	4,787	16%	18,141	9%	163,433	8%
	Built 1940 to 1949	2,733	9%	8,673	4%	75,298	4%
	Built 1939 or earlier	2,875	10%	8,917	5%	108,662	5%
	Total	29,097		195,348		2,134,456	

Source: American Community Survey 2008-2012 estimates

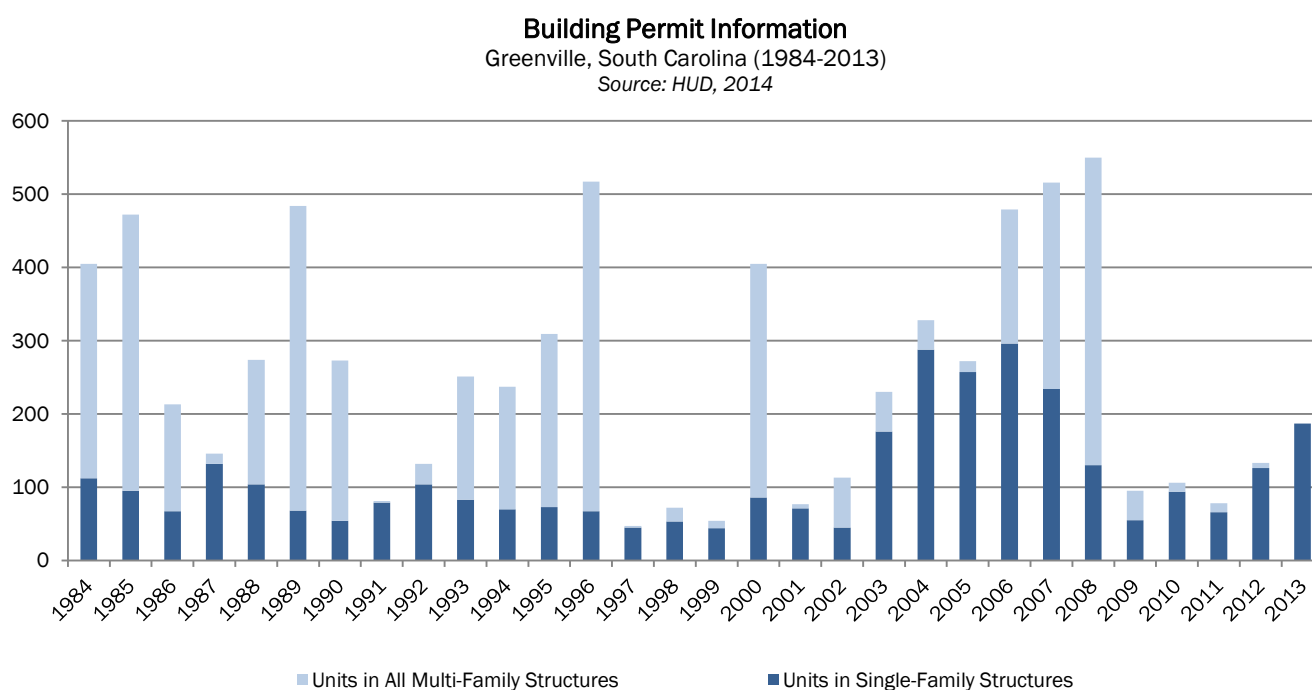
According to American Community Survey estimates, single-family homes comprise 54 percent of the total housing stock in the city of Greenville—below comparable figures for the county and state at 70 and 65 percent, respectively. The city has the largest proportion of units contained within large structures of more than 10 units (25 percent), while about 15 percent of units are contained in mid-size structures of three to nine units. This unit distribution is representative of Greenville's renter population and the overall density of residential development.



Building Permits

According to HUD's building permit database, 7,698 permits for single- and multi-family units were issued between 1984 and 2013, accounting for about nine percent of all permits issued in Greenville County over the period—a relatively small proportion compared to the urban cores of other metro areas. Multi-unit construction comprised the bulk of permitting activity in Greenville throughout the 1980s and 1990s, followed by a significant increase in single-family permitting in the mid-2000s during the height of the housing bubble. Similar to other parts of the county, the recent recession slowed construction activity in Greenville dramatically. The 95 permits issued in 2009 represented a decline of more than 75 percent from the 429 average annual permits issued over the previous five years. The recovery has remained slow in recent years, highlighting the continuing need for affordable units.

The following graph summarizes building permit data for Greenville from 1984 to 2013. It is important to point out that this data illustrates how many permits were issued, not how many structures were actually constructed each year.



Chapter 4

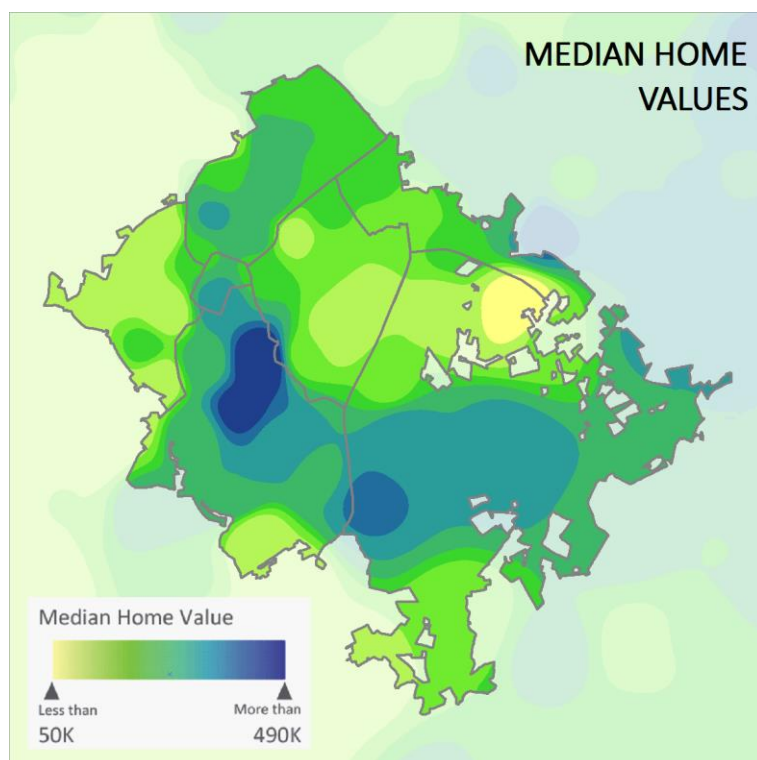
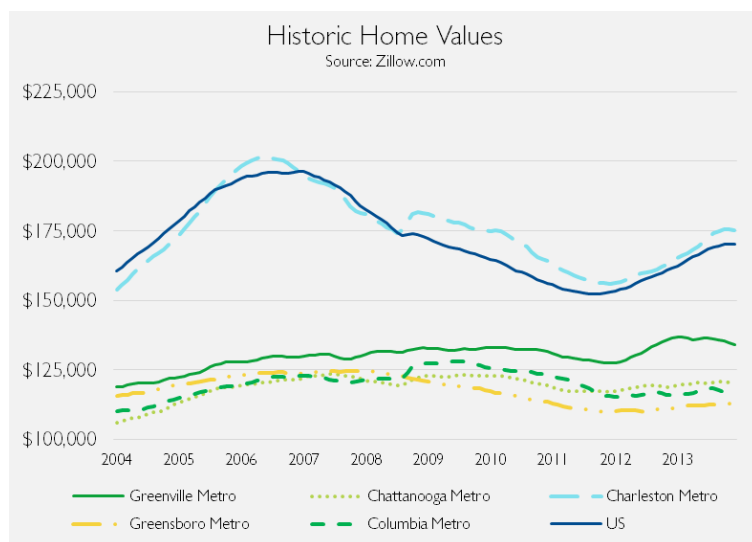
S U P P L Y A N A L Y S I S

Supply Analysis is often the most specific, detailed, and tangible part of any housing study. It provides a “ground-level” view of how a market is currently performing. Coupled with other analyses, it can also point to current missed opportunities, as well as to what is working, in terms of delivering quality affordable housing.

For-Sale Housing Overview

Despite a recent dip in home values since the end of 2013, as well as one that occurred from late 2011 through 2012, home values in metro Greenville have remained relatively stable during the recent recession. According to Zillow, the regional average home value is currently \$134,000, a 13 percent increase from ten years ago. However, the graph to the right shows that home values in metro Greenville have recently increased at rates that exceed some of its peer regions, including Greensboro, Columbia, and Chattanooga. This indicates that while housing in Greenville remains fairly affordable – average home value in the U.S. is currently about \$170,000 – values and prices are generally on the rise throughout the region.

According to ESRI, home values in the city are higher than the region, with a city-wide median home value of nearly \$148,000, which is also fairly affordable. However, the map to the right, which shows median home values for the city of Greenville, indicates there is great fluctuation in home values by neighborhood. Certain neighborhoods on the east and west sides of the city remain very affordable, with home values that are below \$100,000, while values in neighborhoods immediately north and south of downtown often exceed \$200,000.



For-Sale Submarket Analysis

While the median home value for Greenville indicates affordability, average sale prices for homes over the past three years suggests otherwise. Based on sales data provided by the City and County, the average sale price for homes in the city of Greenville was \$231,000 from 2011 to 2013, which is 56 percent higher than the median value. Sale prices also vary considerably by submarket, as shown in the table and map below.

For Sale Summary by Submarkets			Downtown	West Side	North Side	South Side	Near East	North East	South East
	Avg. Sale Price		\$342,000	\$156,000	\$212,000	\$296,000	\$129,000	\$141,000	\$233,000
	Sales PSF		\$246	\$99	\$121	\$146	\$84	\$80	\$103
	Low End*		\$229,000	\$30,000	\$135,000	\$150,000	\$53,000	\$83,000	\$100,000
	High End*		\$395,000	\$210,000	\$260,000	\$398,000	\$170,000	\$154,000	\$275,000
*Low end represents 1st quartile value; high end represents 3rd quartile value									

With average prices of \$296,000 and \$342,000 in the South Side and Downtown, respectively, new product in these neighborhoods is largely unattainable for most of the population. Although homes in the Near East submarket have an average sale price of \$129,000, roughly one-fourth of all sales are priced below \$53,000. This suggests that a large proportion of homes in this submarket are of poor quality and would require substantial improvements.

No submarket has more variation in sale prices than the West Side, where homes have an average sale price of \$156,000, but one-fourth of the homes sold for less than \$30,000. This variability in values provides a significant challenge to the city leaders, as many potential buyers are priced out of higher value neighborhoods, while in areas where home values are relatively low, the cost of developing new quality for-sale housing often exceeds the market value for the property. As a result, the private market will not delivery new “replacement” homes to the market because there is little economic incentive to do so.

Rental Housing Overview

Data indicate reasons for optimism in the market for rental housing. Recent trends have converged and propelled occupancy and rents of apartments upward. Given the desirability of urban living for the Millennial generation and the appeal of downtown housing, opportunities for urban rental housing should emerge in the short-term.

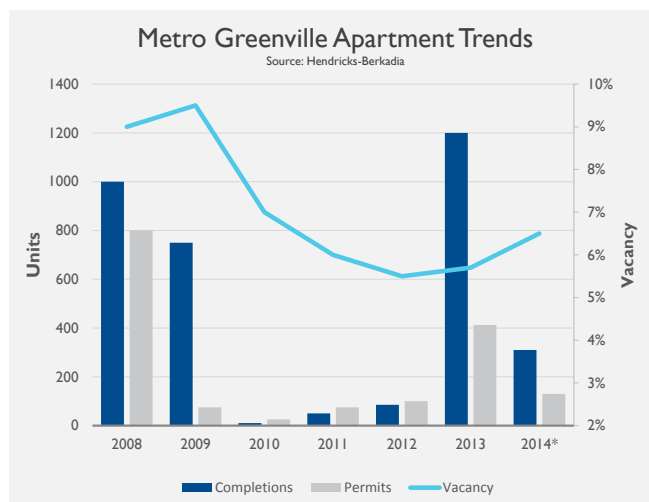
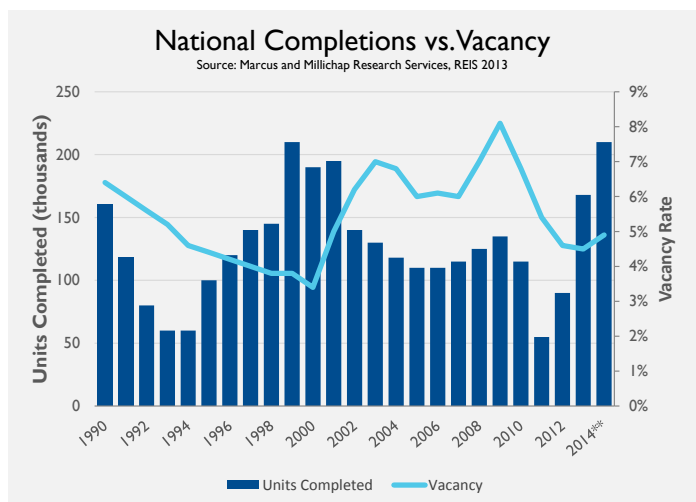
National Trends

After suffering several tough recession and post-recession years, the apartment market has rebounded nationally. Vacancy rates peaked at eight percent in 2009, but have since declined to 4.9 percent. There are three primary reasons cited for this recovery. The first is a reduced supply delivery. Unit completions were down substantially in 2010 through 2012, allowing existing supply to be absorbed into the market. The second reason is that the Millennial generation—a cohort larger than the baby boomers—has reached peak renter age. Perhaps more significantly, they are beginning to be hired into the employment market.

Roughly 70 percent of all job gains in 2010 went to workers in the prime renter demographic of 20- to 34-year-olds, according to Marcus & Millichap. Lastly, the rate of homeownership is on the decline. After peaking at almost 69 percent in 2006, homeownership has decreased to just below 65 percent, resulting in the addition of over three million renter-occupied homes, according to the U.S. Census.

Greenville Rental Market

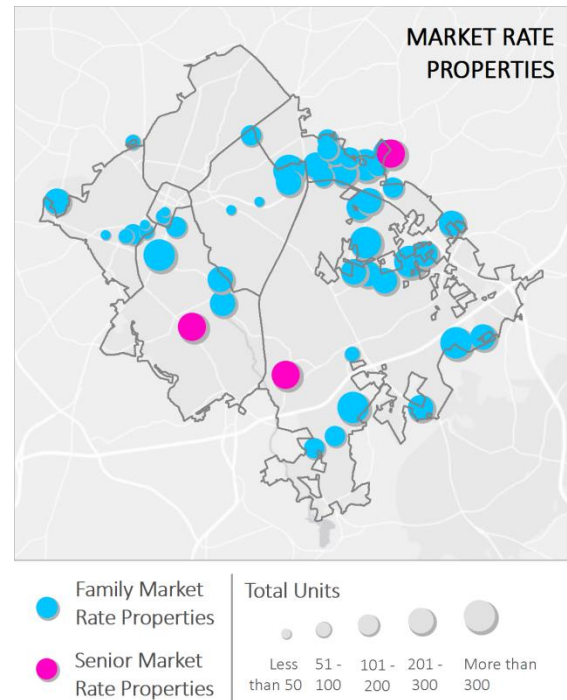
The Greenville rental market has rebounded, following the national trend. Completions and permits have risen in recent years, while vacancy rates have declined substantially since their peak in 2009.



Rental Submarkets: Market Rate Apartments

Based on rental housing data from the 2012 Greenville County Apartment Community Survey, which provided rent and property data for 50 market rate properties totaling 8,668 units, the average net rent for market rate rental properties in Greenville is \$797 per month. However, as with the for-sale housing market, rents range considerably by submarket, with significantly higher rates in and near Downtown. According to the 2012 survey, average rents for one-bedroom and two-bedroom units in Downtown are \$1,211 and \$1,506 per month, respectively, or \$1.51 and \$1.27 per square foot.

While these rents are generally limited to a few newer properties in Downtown, they are in stark contrast to a few other submarkets, particularly the Near East submarket, which has average rents ranging from \$0.59 to \$0.77 per square foot.



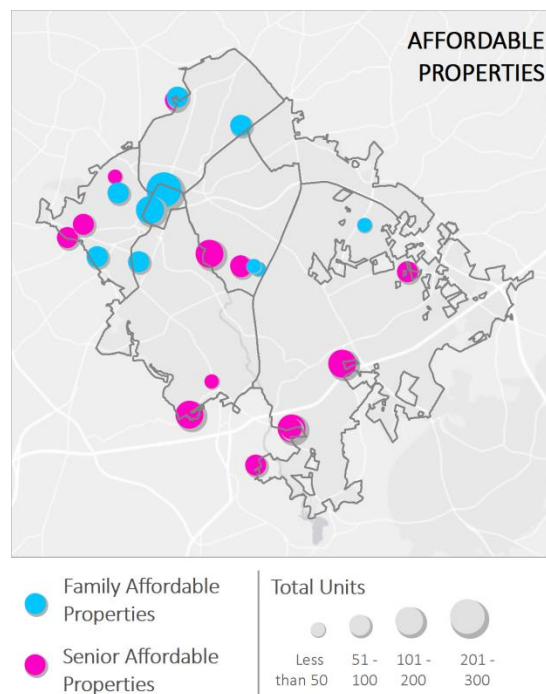
Market-Rate Rental Summary by Submarkets			Downtown	West Side	North Side	South Side	Near East	North East	South East
1 BR	Unit Size		800 SF	842 SF	-	681 SF	674 SF	721 SF	760 SF
	Avg. Rent		\$1,211	\$1,098	-	\$652	\$522	\$608	\$753
	Rent/SF		\$1.51	\$1.30	-	\$0.96	\$0.77	\$0.84	\$0.99
2 BR	Unit Size		1,188 SF	613 SF	-	1,104 SF	983 SF	994 SF	1,069 SF
	Avg. Rent		\$1,506	\$814	-	\$1,029	\$671	\$727	\$888
	Rent/SF		\$1.27	\$1.33	-	\$0.93	\$0.68	\$0.73	\$0.83
3 BR	Unit Size		-	1,205 SF	-	1,426 SF	1,444 SF	1,395 SF	1,379 SF
	Avg. Rent		-	\$806	-	\$706	\$846	\$814	\$1,076
	Rent/SF		-	\$0.67	-	\$0.50	\$0.59	\$0.58	\$0.78

With nearly half of all surveyed rental units located in the Southeast submarket, rents in this area are fairly consistent with citywide averages. However, newer properties generally achieve rents that are 30 to 60 percent higher than older properties built prior to 1990. Newer market rate properties are currently achieving rents exceeding \$1.20 per square foot, a likely benchmark for supporting the cost of construction in this area of the city.

Submarket Analysis: Affordable Apartments

Affordable properties are generally those that target households earning 30 to 60 percent of area median income. Apartment development is facilitated with tax credits from the Low Income Housing Tax Credit (LIHTC) program, and limits are set on household earnings for qualifying tenants, as well rents that can be charged. For 2014, maximum monthly gross rents in Greenville are \$655 for one-bedroom units and \$786 for a two-bedroom unit.

The 2012 Greenville County Apartment Community Survey also provides rent and property data for 25 affordable rental properties that were built under this program. These properties contain a total of 2,244 rental units and have an average rent of \$613 per month, representing an average discount of 23 percent from the city's average market rent.



Affordable Rental Summary by Submarkets			Downtown	West Side	North Side	South Side	Near East	North East	South East
1 BR	Unit Size		507 SF	531 SF	647 SF	-	627 SF	-	689 SF
	Avg. Rent		\$653	\$598	\$478	-	\$500	-	\$543
	Rent/SF		\$1.30	\$1.13	\$0.74	-	\$0.80	-	\$0.79
2 BR	Unit Size		700 SF	856 SF	931 SF	880 SF	826 SF	-	961 SF
	Avg. Rent		\$777	\$566	\$581	\$687	\$566	-	\$615
	Rent/SF		\$1.11	\$0.66	\$0.62	\$0.78	\$0.69	-	\$0.64
3 BR	Unit Size		-	991 SF	1,243 SF	1,042 SF	1,150 SF	-	1,277 SF
	Avg. Rent		-	\$708	\$619	\$748	\$737	-	\$735
	Rent/SF		-	\$0.71	\$0.50	\$0.72	\$0.64	-	\$0.58

While there is far less variation in rents at affordable properties because of the rent restrictions placed on these properties, affordable rents at properties in submarkets such as Downtown or the South Side are still well above the affordable rents in properties in submarkets such as the Near East side.

Case Studies

Single Family and Townhome Developments

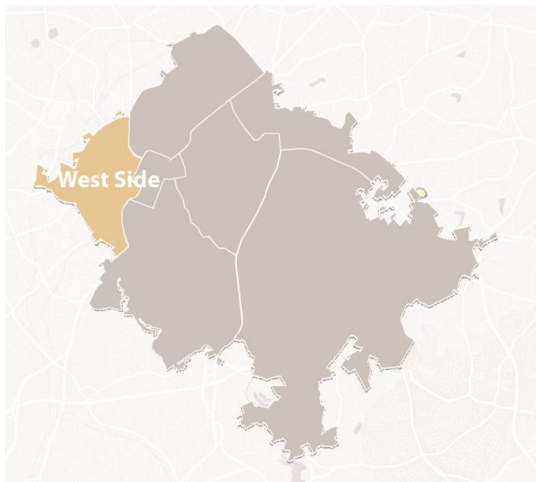
While new single family and townhome products are often difficult to develop in an urban area because acquisition and construction costs often exceed their improved values, these types of projects can be very marketable. This is particularly true in areas in or near downtown locations, as these types of developments generally have a deeper pool of demand (i.e., more people want to live in single family homes than want to live in multifamily properties).

Despite issues regarding feasibility, there are multiple examples of larger single family and townhome infill products in Greenville. However, each project has required some level of public financing or participation to help bridge the gap between the market value of the completed property and the cost of delivery that property market. Sale prices for these homes and townhomes have ranged from \$66,000 for two-bedroom homes on the city's north side to \$192,000 on the west side. Details regarding some of these projects are summarized in the following pages.

Affordable Rental Housing

We have also identified two affordable rental properties that were constructed with partial funding through the LIHTC or HOME funding programs. Both projects have units or homes that are restricted to low and moderate incomes, but offer very different product types. One of the projects includes single family rental homes, which offers amenities such as private yards and off-street parking as well as ample space for family households. These types of homes are generally newer single-story or split-level homes with two or three bedrooms, or townhome units that are part of larger multifamily properties. The other property is an age-restricted senior property. While demand for these types of projects tends to be overwhelming, there are a finite amount of tax credits that the State of South Carolina issues on an annual basis. Details regarding these two projects are also summarized in the following pages.



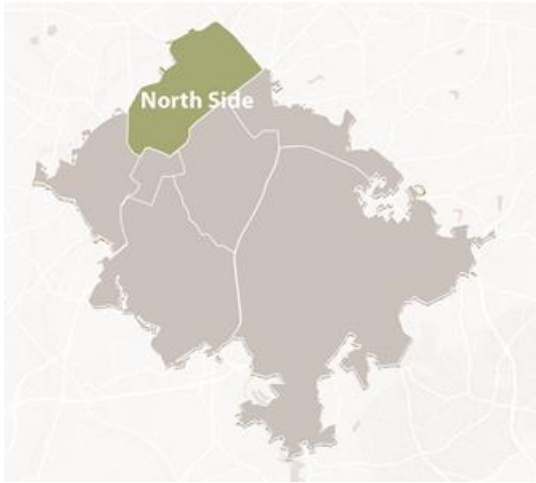


Kingsview Pointe – Rental

Developer:	Homes of Hope
Location:	West Side
Year Built:	2010
Development Cost:	Roughly \$3.0 million (\$110,000 per home)
Development Type:	27 Single-Family Homes (20 rental homes and seven for-sale homes)
Rental Income Limits:	30% AMI – 80% AMI

Unit Mix/Current Rents	Unit Type	Number	Vacant	Size	Rent	Rent/SF
	2-BR/2-Ba	8	0	950 SF	\$350 - \$450	\$0.37 - \$0.47
	3-BR/2-Ba	12	0	1,200 SF	\$475-\$575	\$0.40 - \$0.48
	Total	20	0			

Waiting List:	100 households
Absorption:	Fully leased prior to completion
Public Financing:	\$500,000 from the State Housing Authority, \$260,000 from the City of Greenville's Capital Improvement Program (CIP Funds) for new streets \$250,000 in HOME funds
Private Financing:	\$1.99 million
General Comments:	This redevelopment project is located on the west side of Greenville and was completed in 2010. In addition to the project's 20 rental homes, it includes seven for-sale single-family homes. It replaced the Queens Court Apartments, which had become a major blight on the neighborhood. In addition to the various public subsidy, the City provided relocation assistance for the residents of the former apartment complex.

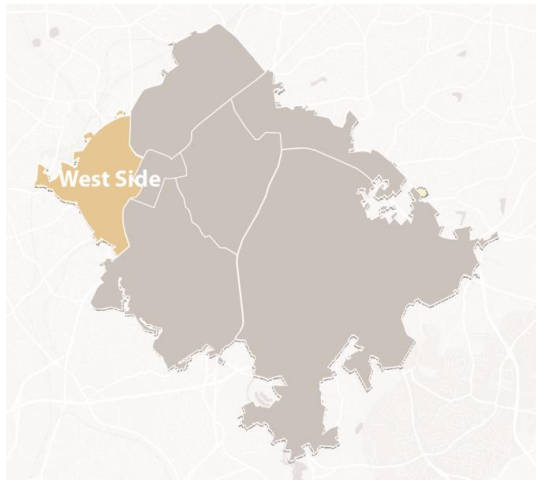


Brookside Gardens

Developer:	The Douglas Company
Location:	North Side
Year Built:	2010
Development Cost:	\$8,165,000 (\$151,000 per unit)
Development Type:	54 affordable senior (55+) rental units
Rental Income Limits:	50% AMI – 60% AMI

Unit Mix/Current Rents	Unit Type	Number	Vacant	Size	Rent	Rent/SF
	2-BR/2-Ba	54	2	912 SF	\$562 - \$695	\$0.62 - \$0.76

Waiting List:	Yes, undisclosed number
Absorption:	Unavailable
Public Financing:	\$365,000 from GLDC \$4.8 million from LIHTC
Private Financing:	\$3.0 million
General Comments:	In addition to the LIHTC issued by the State of South Carolina, local public funding was made available to help finance demolition of the former duplex units that were previously on the site.



Kingsview Pointe – For-Sale

Developer: Homes of Hope

Location: West Side

Year Built: 2010

Development Cost: Roughly \$3.0 million (\$110,000 per home)

Development Type: 27 Single-Family Homes (20 rental homes and seven for-sale homes)

Income Limits: None

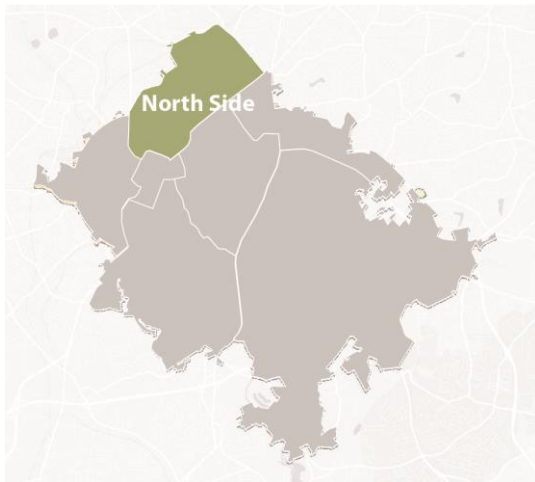
Unit Mix/Sale Prices	Unit Type	Number	Size	Sale Price Range	Avg. Price	Price/SF
	3-BR/2-Ba	7	1,250 SF	\$105,900 - \$119,000	\$109,900	\$87.92

Sales Velocity: Built in 3 various phases and each home sold within less than 2 months after construction.

Public Financing: \$500,000 from the State Housing Authority,
\$260,000 from the City of Greenville's Capital Improvement Program (CIP Funds) for new streets
\$250,000 in HOME funds.

Private Financing: \$1.99 million

General Comments: The project also included 20 rental homes that are available at restricted rents. It replaced the Queens Court Apartments, which had become a major blight on the neighborhood. In addition to the various public subsidy, the City provided relocation assistance for the residents of the former apartment complex.



Viola Neighborhood

Developer: City of Greenville, The Randolph Group, Greenville Housing Futures, Urban League, First Baptist Church Greenville

Location: North Side

Year Built: 1997-2008

Development Cost: Estimated \$11.16 million (\$130,000 per home)

Development Type: 86 Single-Family Homes (Four rental homes and 82 for-sale homes)

Income Limits: 80% AMI for majority of buyers

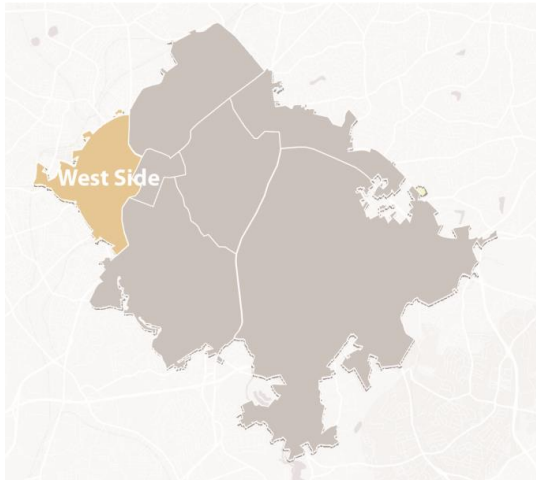
Unit Type	Number	Size	Sale Price Range	Avg. Price	Price/SF
3-BR/2-Ba	82	1,300 SF	\$66,000 - \$122,800	\$94,000	\$72.31

Sales Velocity: Built in multiple phases over the course of twelve years, indicating sales of roughly seven homes per year.

Public Financing: \$969,087 in CDBG
 \$286,000 from the City of Greenville's Capital Improvement Program (CIP Funds) for new streets
 \$1,440,682 in HOME funds
 \$104,000 in TIF
 \$938,000 from City Fund 115
 \$344,008 from State "C" Funds

Private Financing: \$3,000,000 from the Urban League
 \$4,080,000 from the City

General Comments: The project also included four rental homes that are owned by Greenville Housing Futures. Some of the homes have resold in recent years, with most selling for more than the original price. In some cases, the homes have increased in price by more than 20 percent.



Washington Heights

Developer: Quinn Satterfield, Inc. and City of Greenville

Location: West Side

Year Built: 2007-2014

Development Cost: \$6.75 million (\$188,000 per home)

Development Type: 36 Single-Family Homes (includes one rental home)

Income Limits: None

Unit Mix/Sale Prices

<i>Unit Type</i>	<i>Number</i>	<i>Size</i>	<i>Sale Price Range</i>	<i>Avg. Price</i>	<i>Price/SF</i>
2-BR/1-Ba	12	901 SF	\$66,000 - \$102,400	\$91,549	\$101.61
3-BR/2-Ba	23	1,257 SF	\$105,000 - \$157,401	\$129,357	\$102.91
Total	35				

Sales Velocity: Built over the course of the past seven years, indicating sales of about five homes built and sold per year. The rate of sales has picked up in the past year, with twelve new homes sold since June 2013.

Public Financing: \$1.7 million from the City of Greenville's Capital Improvement Program (CIP Funds)
\$1.0 million in CDBG funds

Private Financing: \$4.05 million

General Comments: The City provided down payment assistance to income-eligible families earning below 80% of the area median income.



Mulberry at Pinckney

Developer: City of Greenville and The Randolph Group

Location: West Side

Year Built: 2007-2012

Development Cost: \$6.05 million (\$178,000 per home)

Development Type: 34 Single-Family Homes

Income Limits: None

Unit Mix/Sale Prices	Unit Type	Number	Size	Sale Price Range	Avg. Price	Price/SF
	3-BR/2-Ba	34	1,465 SF	\$140,000 - \$192,000	\$170,500	\$116.38

Sales Velocity: Built over the course of five years, indicating a rate of about seven homes built and sold per year.

Public Financing: \$900,000 from the City of Greenville's Capital Improvement Program (CIP Funds)
\$150,000 from CDBG funds

Private Financing: \$5.0 million

General Comments: CDBG funds were used for buy down of the sales price on 25-30% of the residential units.

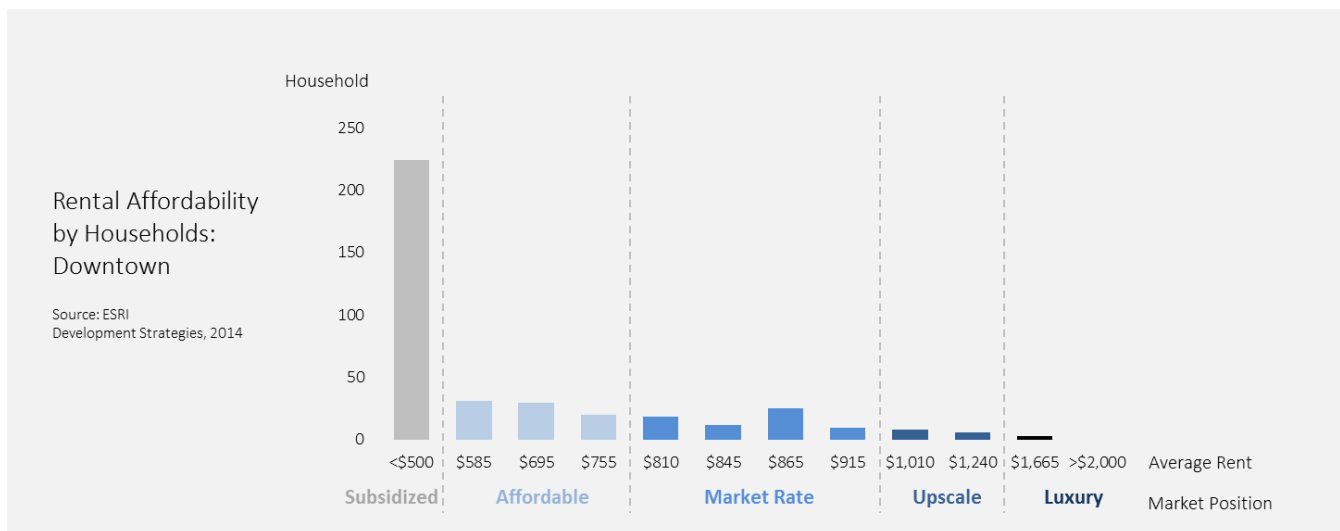
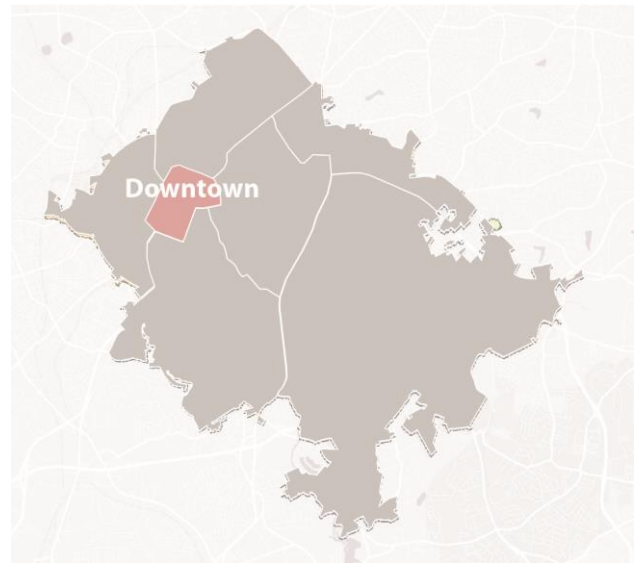
Chapter 5

DEMAND ANALYSIS

Downtown

Downtown is a unique submarket in that it has historically been inhabited by low-income residents, but is receiving an influx of relatively high-income residents, which has significant socio-economic implications and requires the establishment and implementation of thoughtful policies in order to address the needs of both populations.

Presently, the strongest rental demand from existing households in the Downtown submarket is for very low-rent subsidized units, representing approximately 58 percent of total household affordability in the area. Affordable and market rate units account for 21 percent and 16 percent of total demand, respectively, while upscale and luxury rentals only represent a nominal proportion of existing demand.



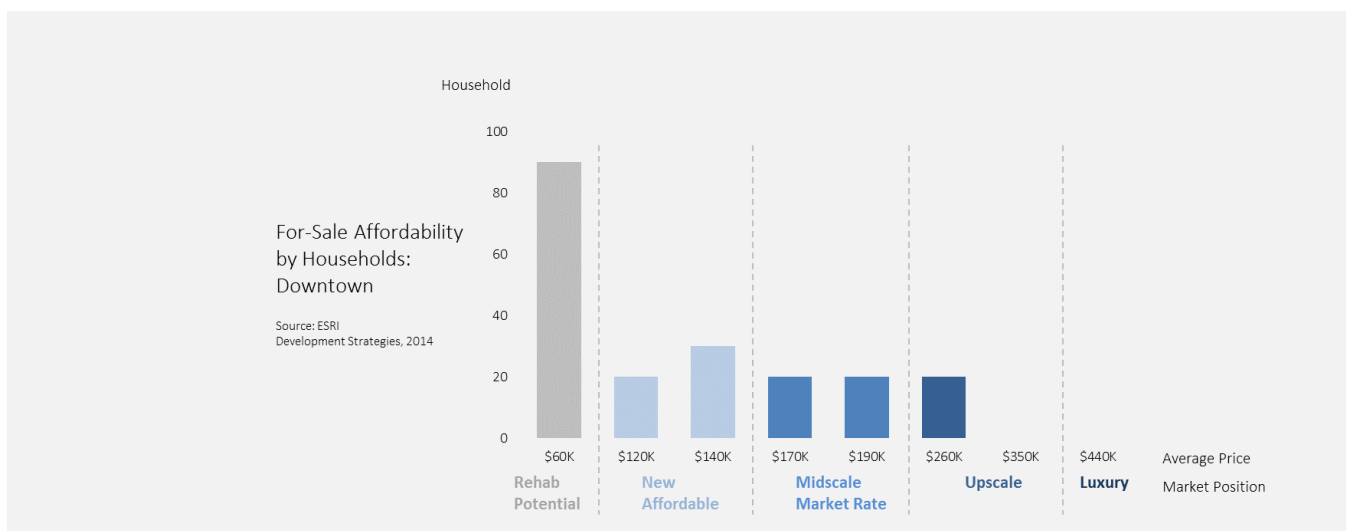
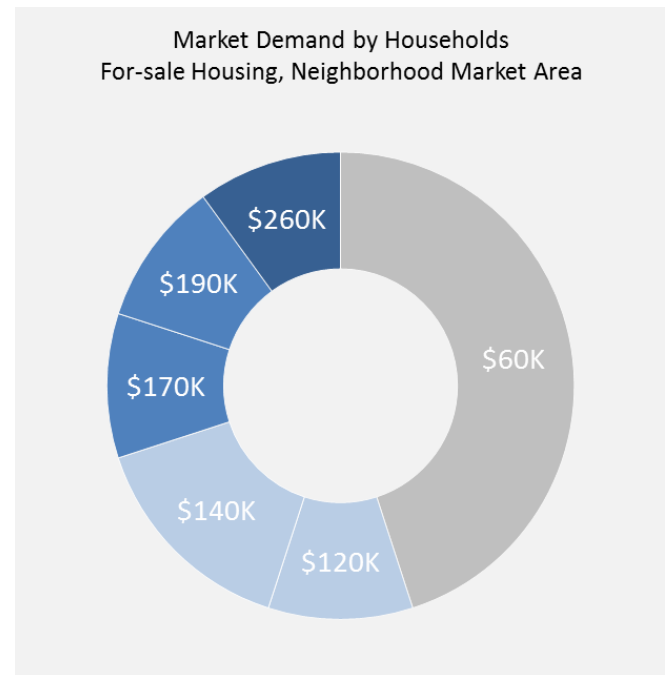
Yet the above chart can be somewhat misleading, especially when reconciling housing affordability of existing residents with the rents and pricing of new downtown housing units, which tend to target more affluent residents. Clearly, there is a market for market rate, upscale, and even luxury housing that is being generated by residents who are moving into downtown from other submarkets.

While additional affordable units are a key component to long-term residential strategies in the area and a practical tool for combatting issues of concentrated

poverty, significant population growth in Downtown over the past decade suggests that demographic shifts are beginning to emerge. Similar growth in other downtowns throughout the county is driven by younger, well-educated, one- and two-person households. Anticipated growth in this demographic group will likely drive demand for a greater number of market rate and upscale units. Housing policy should attempt to balance the needs of existing low-income households and the growing affluent demographic through the use of a variety of tools including of mixed-income residential development. While Downtown maintains a significant concentration of low-income households, pockets along the submarket's southern boundary have median home values among the highest in the city overall.

For-sale housing affordability reveals a similar pattern, with homes priced below about \$60,000 being in the highest demand and new affordable and midscale market rate homes significantly less accessible to existing households. So while there appears to be very little demand for market rate for-sale housing, the reality is that it does exist—it is just simply being generated by residents who are not currently living downtown, but are seeking housing there.

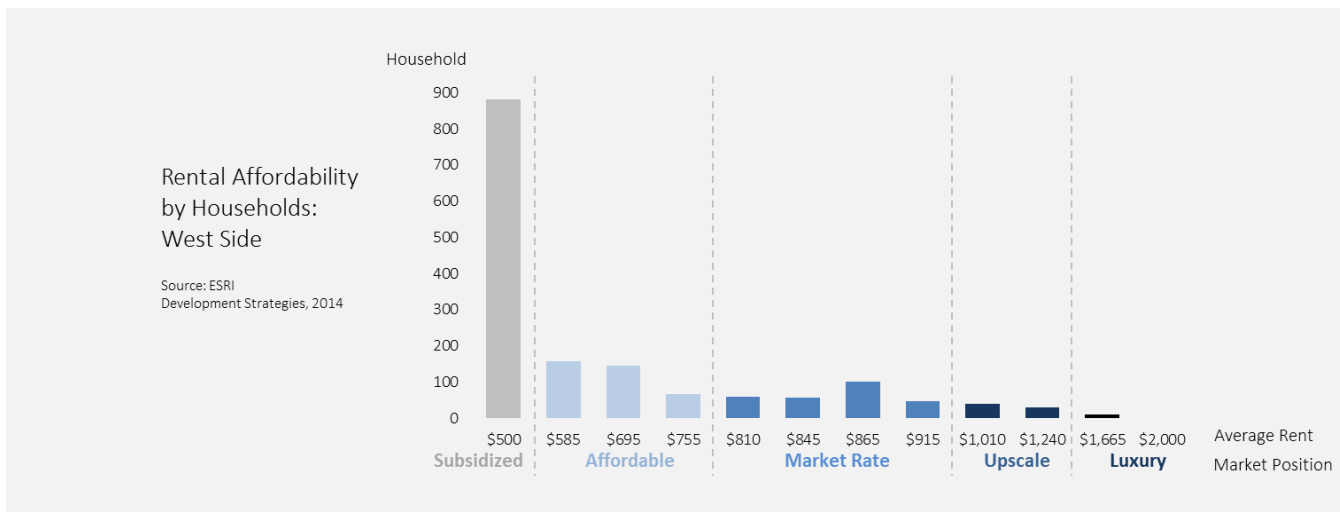
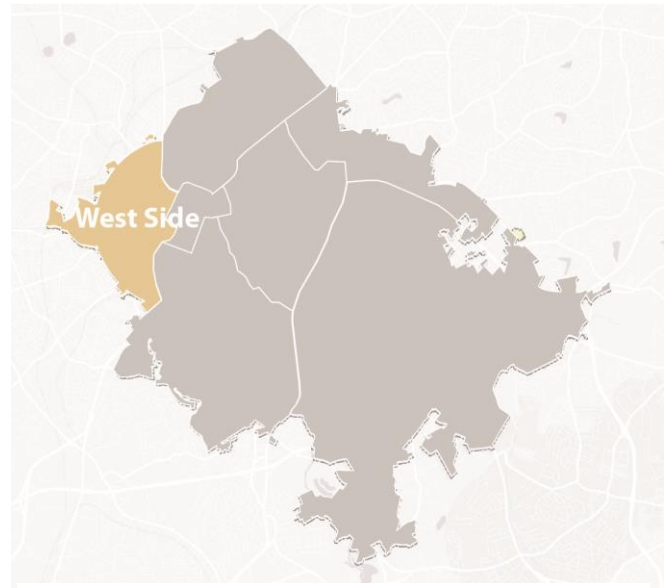
Once the for-sale housing market returns nationally and in the Greenville region, it likely—perhaps even certain—that there will be demand for market rate and upscale for-sale housing products in the downtown. Relative to rental housing, demand in terms of total units tends to be lower in most downtowns; however, developers can often pay more for land and property acquisition, meaning several highly desirable downtown locations could be converted to for-sale housing following a full market recovery.



West Side

Like downtown, demand for affordable and subsidized housing in the West Side is high—the highest, in percentage terms. Unlike downtown, the West Side is not experiencing the same level of demand from affluent residents who desire a more urban lifestyle. This points to a need for perhaps the greatest level of policy intervention among the submarkets, due to a shortage of market-driven forces to improve economic and housing conditions.

Current household demand for subsidized units accounts for 55 percent of all rental demand in the area, while affordable and market rate units make up 23 and 17 percent of affordability, respectively.



While the overall demand figures in the West Side submarket are similar to those Downtown, the driving forces behind these trends are distinct. The demographic shifts that can be anticipated Downtown as a result of rapid population growth are not expected in the near term in Greenville's West Side—with the exception, perhaps of a few neighborhoods that appeal to artists along Pendleton Street near the city's boundary and some spillover growth adjacent Greenville's Downtown.

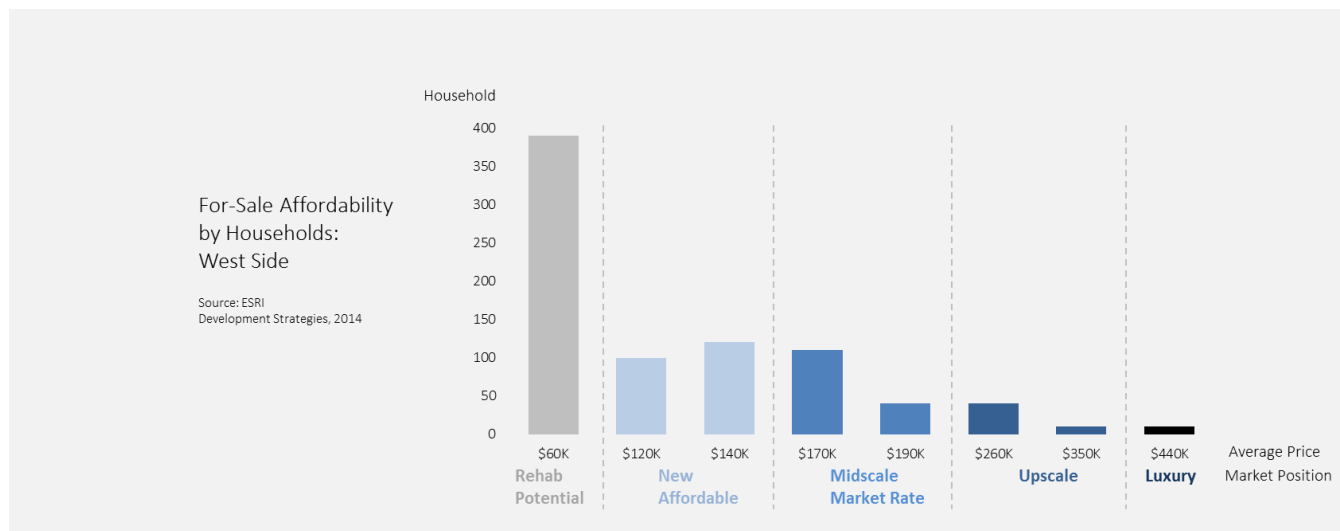
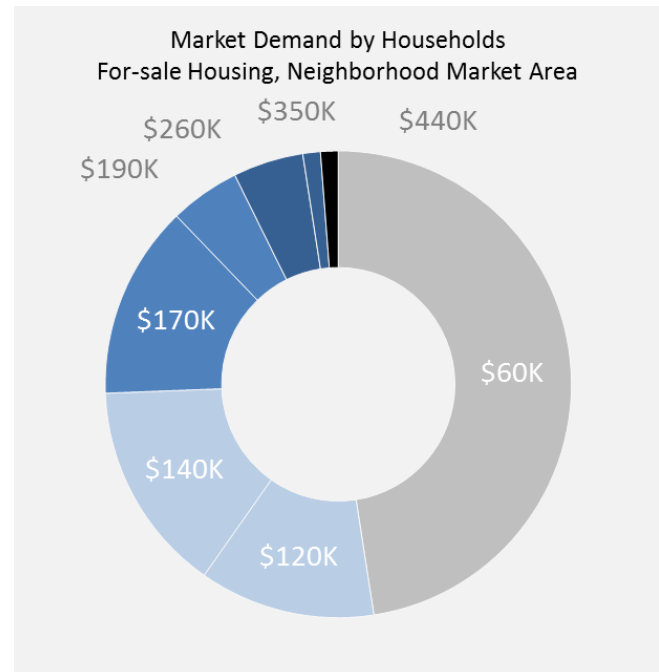
Householders in the West Side are much older on average, and several decades of depopulation have hollowed out most moderate- and high-income households in the area, leaving behind deep pockets of concentrated poverty. In spite of this, a small node along the western boundary of the West Side between routes 123 and 185 exhibit stronger socioeconomic conditions than the submarket as a whole over the past decade. This area

has experienced greater population growth, higher home values, and significantly more job density than the surrounding submarket as a result of new town-home development near St. Francis Hospital and the Greenville Mental Health Center. It is also in close proximity to the Salvation Army Kroc Community Center, which offers a number of resources to residents in the area including recreational facilities and wellness and fitness programming.

Investment is needed throughout the West Side, and in more than simply housing. However, given a shortage of community development funds, efforts may need to be concentrated in areas within the West Side with some economic momentum, in order to achieve a reasonably good return on investment and perhaps catalyze revitalization in more disadvantaged neighborhoods in subsequent phases and years.

While demand from existing residents for for-sale housing is overwhelmingly in the \$60,000 range, there is some demand for market rate housing in the \$170,000 range. Because homebuyers with the means to purchase such a home have choices throughout the Greenville region, the right product will have to be offered in the right location in order to appeal to these households.

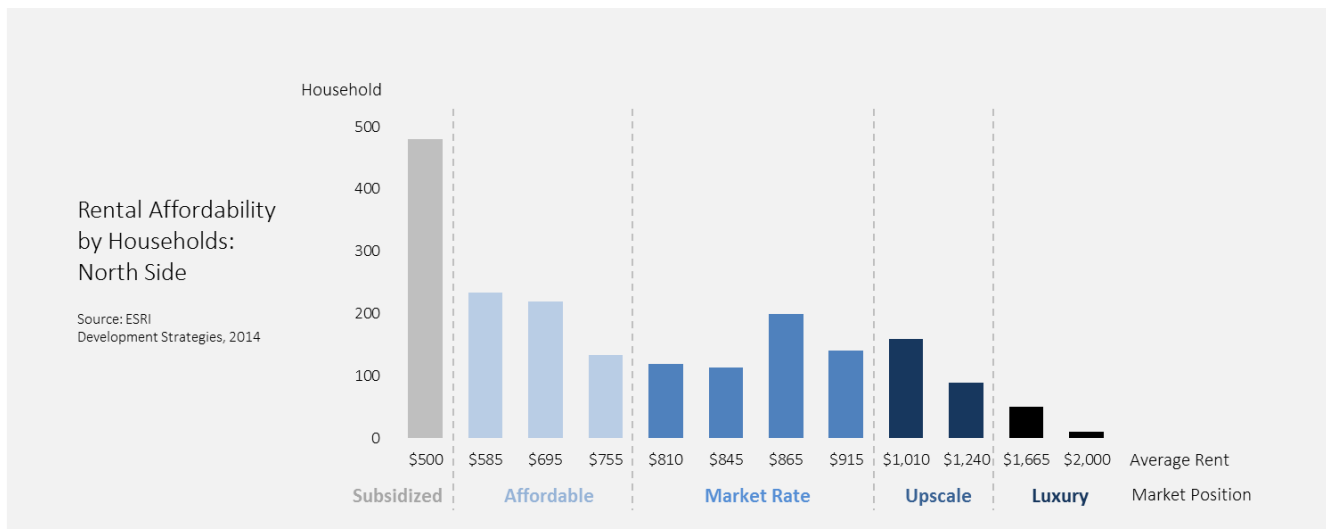
Investment in this submarket is needed over the long-term, in housing, economic and community development. In the near-term, development efforts should likely be concentrated where there appears to be the most market momentum and continued efforts are needed to improve affordable housing quality, as well as to attract and retain residents of greater economic means and tax-paying potential.



North Side

Greenville's North Side exhibits demand for a more diverse mix of rental types than either Downtown or the West Side. Again, the need for affordable and subsidized rental units is apparent (accounting for 55 percent of overall demand combined), but significant need for market rate and upscale rental units exists as well.

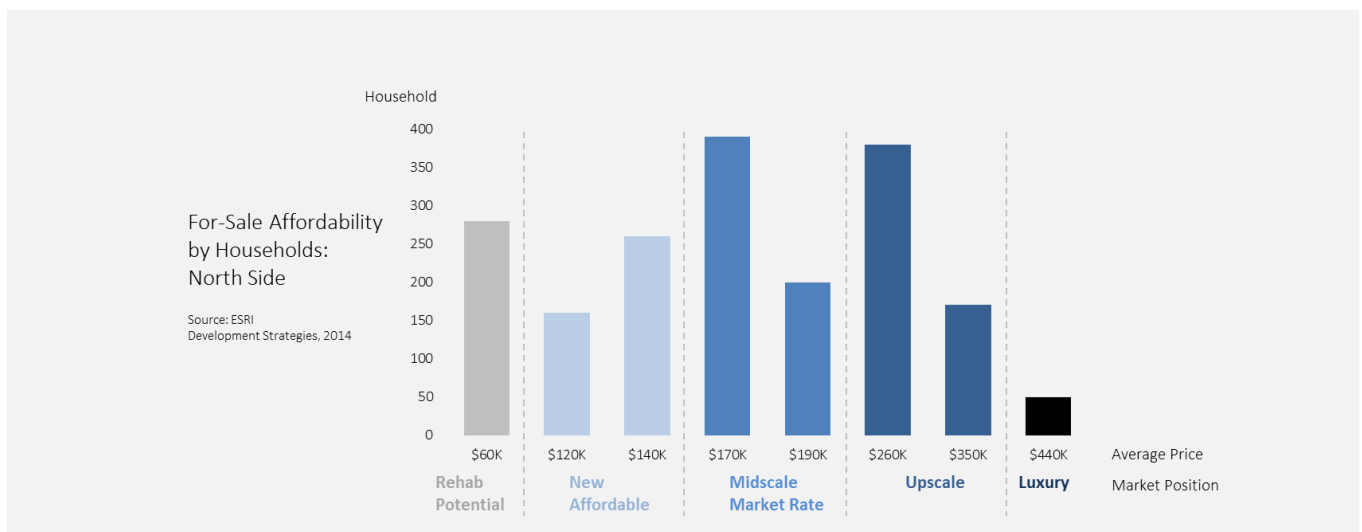
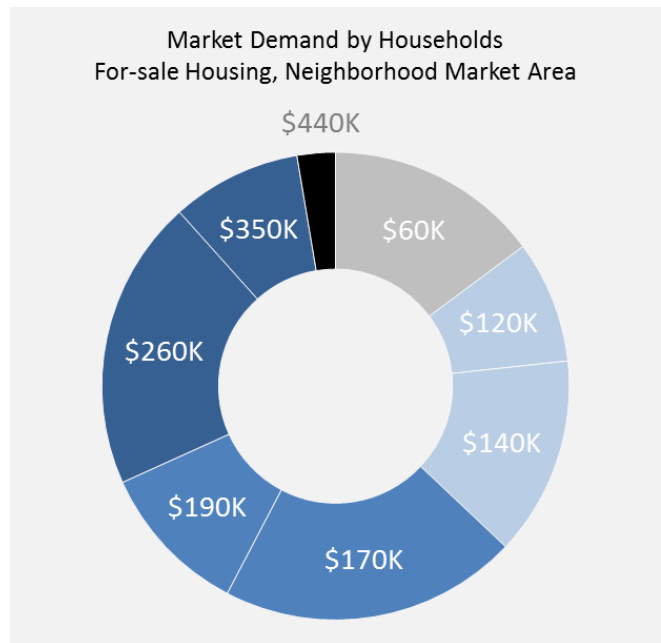
These figures are driven by a median household income in the Northside submarket that is well above the city overall (\$42,467 to \$36,834), and significant population growth in the areas immediately north of Downtown and along Route 29. Policy strategies in this area should be flexible to account for the relatively diverse range of socioeconomic factors with housing of mixed



affordability and type. Because of the North Side's close proximity to Downtown jobs and amenities and relative neighborhood stability and affordability, population growth is anticipated to continue to accelerate in the submarket over the next several years.

Relative to the rental market, the for-sale market exhibits even greater diversity, as mid-scale and upscale homes between the broad price points of \$170,000 and \$260,000 are within affordability standards for many of

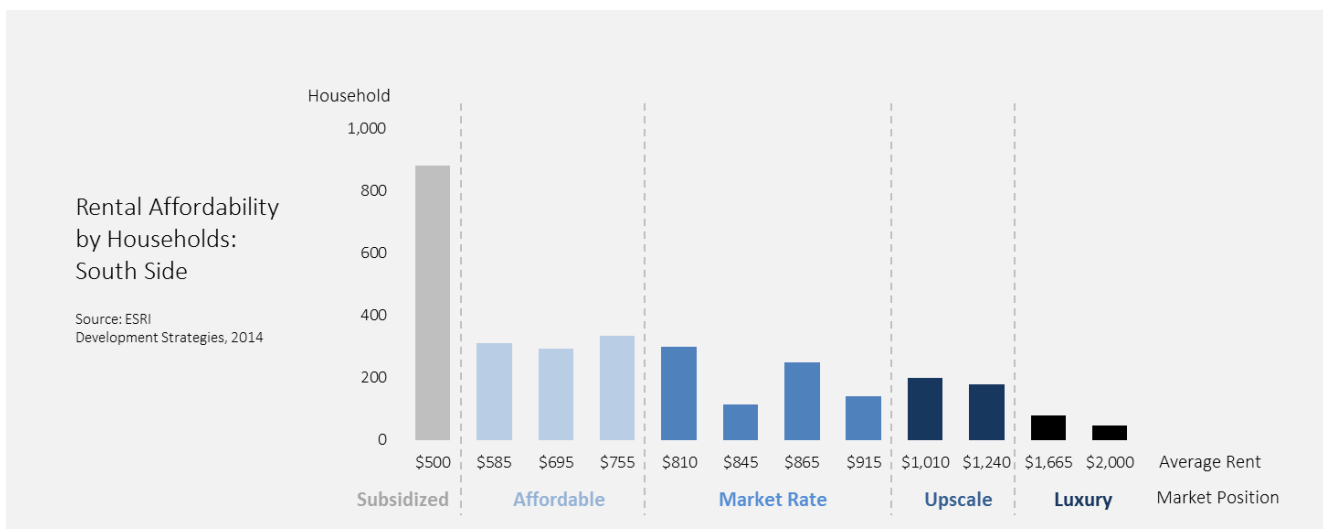
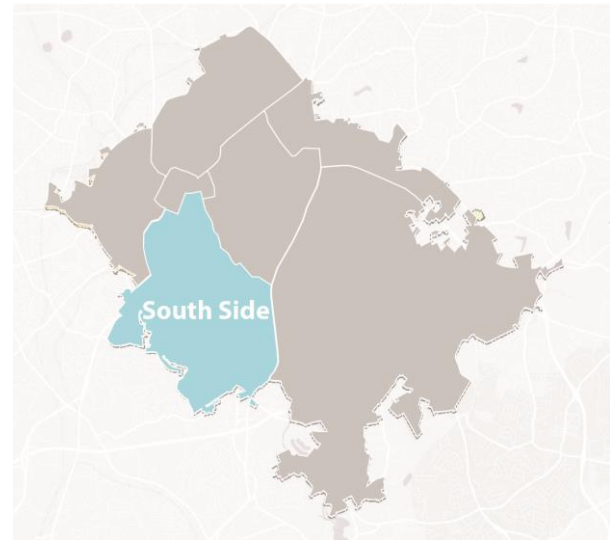
the submarket's households. This could point to better opportunities to create mixed-income developments that greatly leverage private investment, but also infuse that with some public investment to ensure that some percentage of housing provides opportunity to lower-income households.



South Side

The South Side submarket is one of Greenville's most populated and affluent. Yet even here, the overall size of this population means that, in real numbers, there are a lot of households in need of affordable and subsidized units. Low and moderate income households account for nearly half of all rental demand in the area.

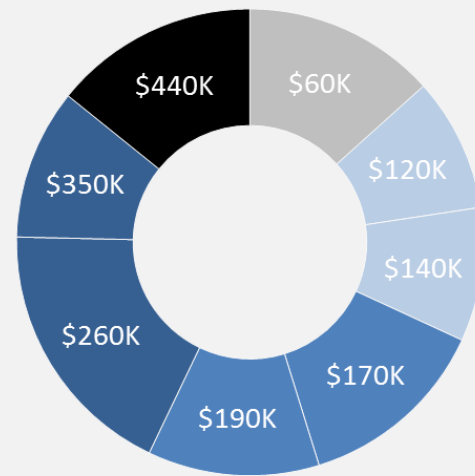
The South Side is unique in containing the highest concentration of very high-value homes in the city, with a significant number assessed in the range of \$400,000 to \$490,000. Population in the area has continued to grow relatively rapidly over the past decade, and job density from Greenville's Downtown has bled across the northern boundary of the South Side, providing excellent proximity to employment opportunities.



Effective affordable housing strategies in this area should take advantage of the existing market rate multi-family construction that is emerging in response to population growth. Density bonuses or other incentives for incorporating affordable units into these market rate developments could spur the construction of additional quality affordable units.

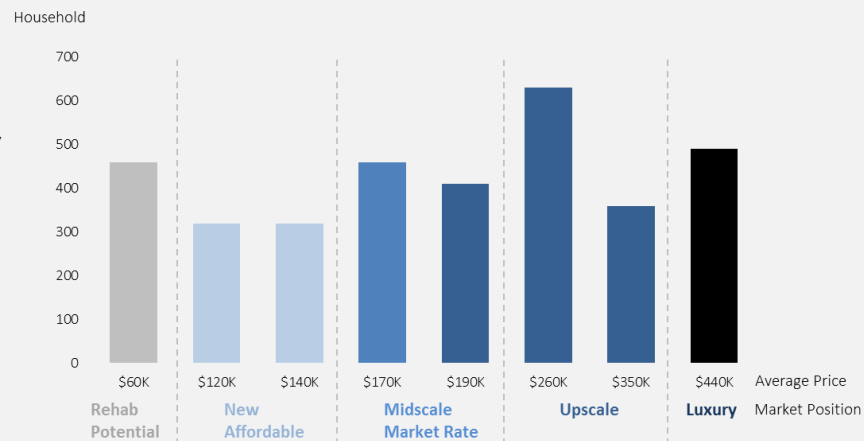
Patterns in for-sale demand diverge significantly from the rental market, as higher-income households in the area drive demand for upscale and luxury homes. Approximately 42 of households in the submarket meet affordability standards for upscale or luxury homes above \$260,000. In contrast, demand for more affordable homes in the \$60,000 to \$140,000 range comprises a significantly smaller proportion of the overall submarket (31 percent)—well below comparable figures across Greenville. The high cost of housing in this area suggests that an even greater proportion of low-income households are likely to rent.

Market Demand by Households
For-sale Housing, Neighborhood Market Area



For-Sale Affordability
by Households:
South Side

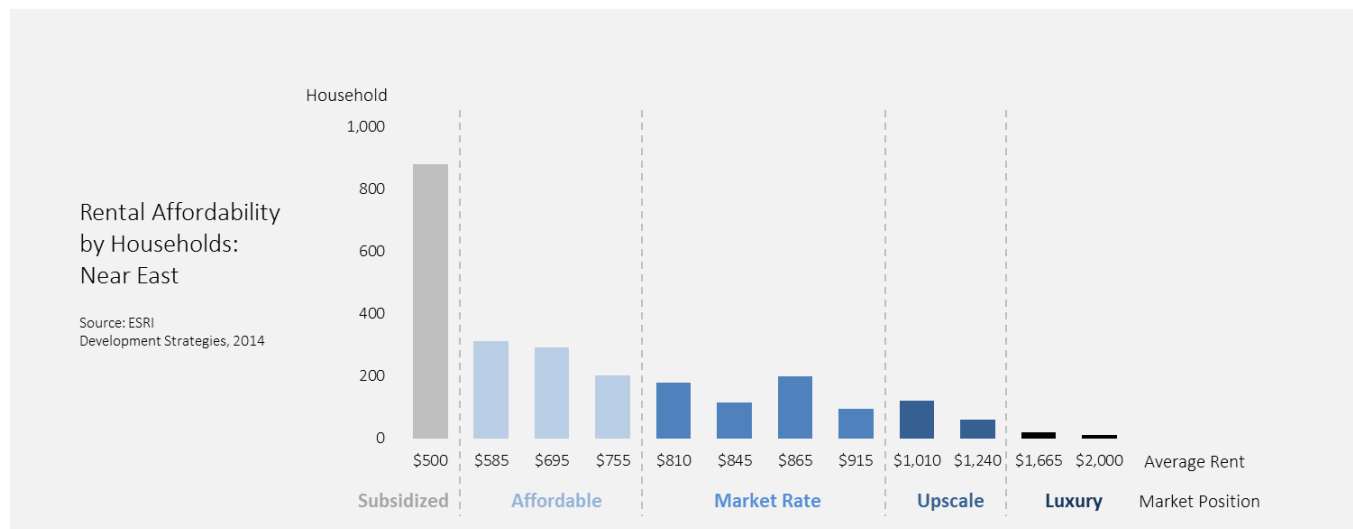
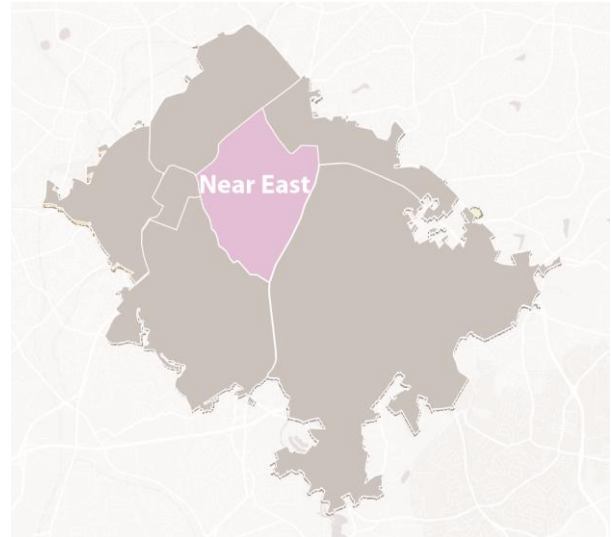
Source: ESRI
Development Strategies, 2014



Near East Side

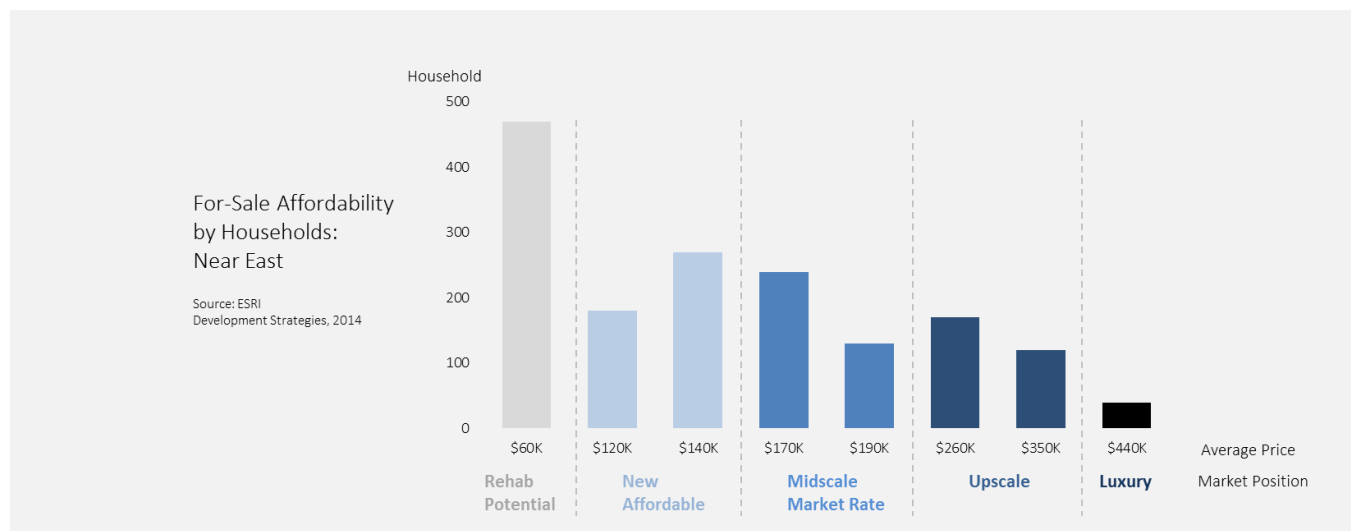
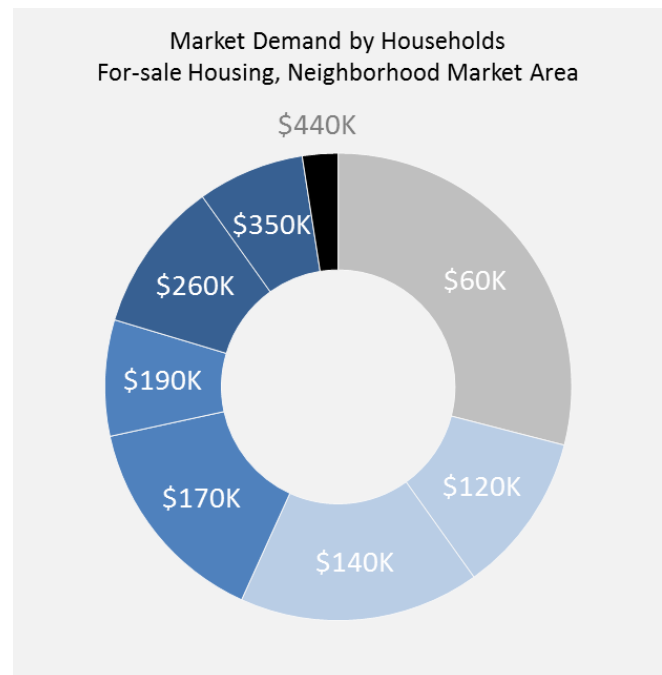
The Near East Side submarket is one of Greenville's most socio-economically and ethnically diverse. Strong rental demand exists for households along the lowest end of the income spectrum, with subsidized and affordable units contributing approximately 70 percent of total demand in the submarket. As demand for luxury units is nominal, market rate and upscale rentals comprise the remaining 30 percent.

While population growth has occurred near the northern and southern edges of the submarket, the areas adjacent the airport have exhibited substantial population decline, decreasing overall density and contributing to vacancy. This has affected the already lower-than-average sales price of many homes in this area as well, the median of which has dropped well below \$100,000. Depending on the specific circumstances of individual neighborhoods, airport-adjacent properties may call for a land-banking strategy or land use transformation over time.



Job and population growth from the adjacent Downtown should help buoy the western portion of the submarket. A diverse toolkit should be used to incentivize the inclusion of affordable units in existing market rate development and capture increased investment in these areas.

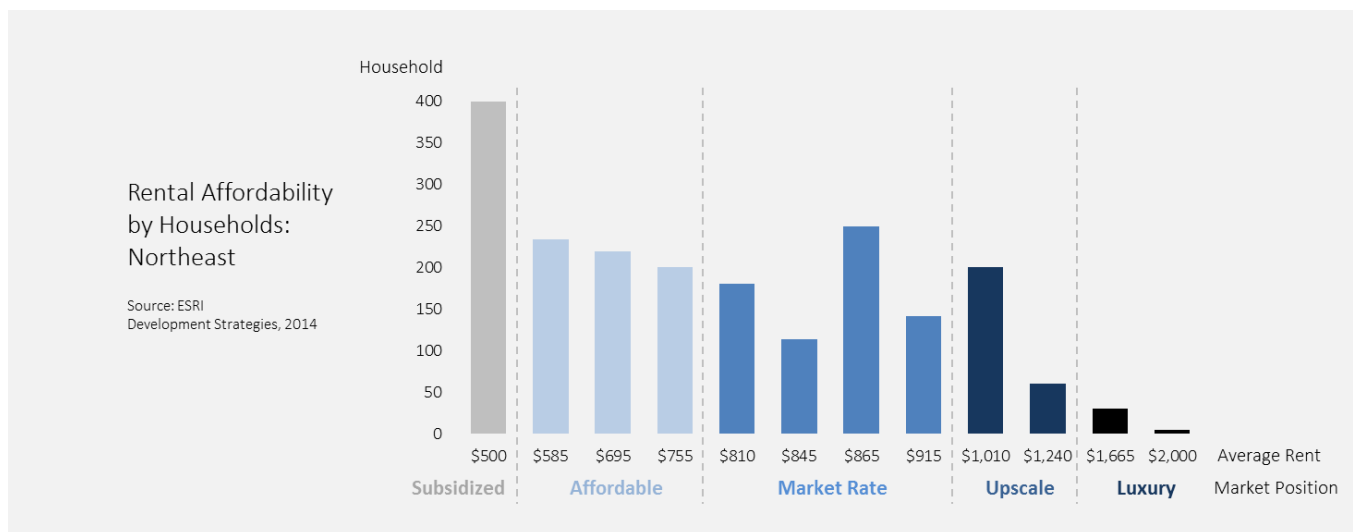
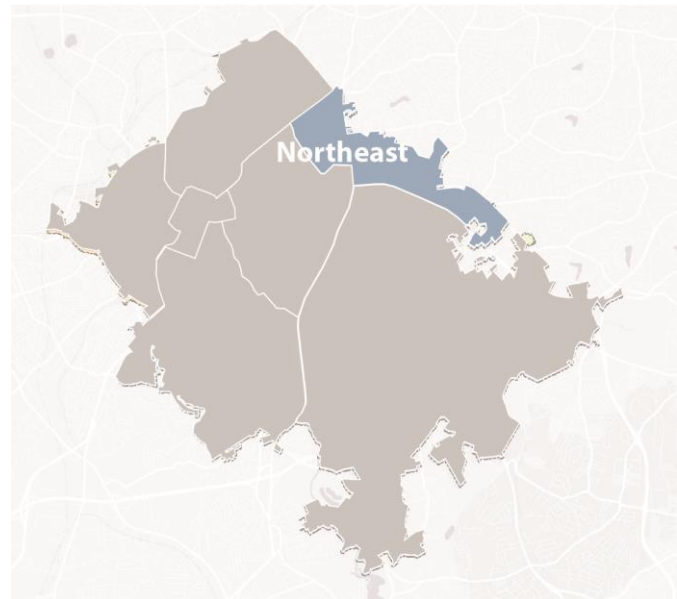
For-sale demand covers a broad range of affordability price points from \$60,000 to \$170,000 and greater—pointing to the need for affordable for-sale housing, as well as modestly priced market rate housing. Still, the large number of low-income households in the area concentrates nearly 29 percent of the submarket’s total for-sale demand for affordably-priced units near the \$60,000 price point. Some income diversity suggests a continued need for quality, new affordable units as well, which will form an increasingly large portion of the overall market as population in the area continues to grow. Preserving these affordable units for low-income households will be key as demand continues to grow in the nearby Downtown submarket and property values rise.



Northeast

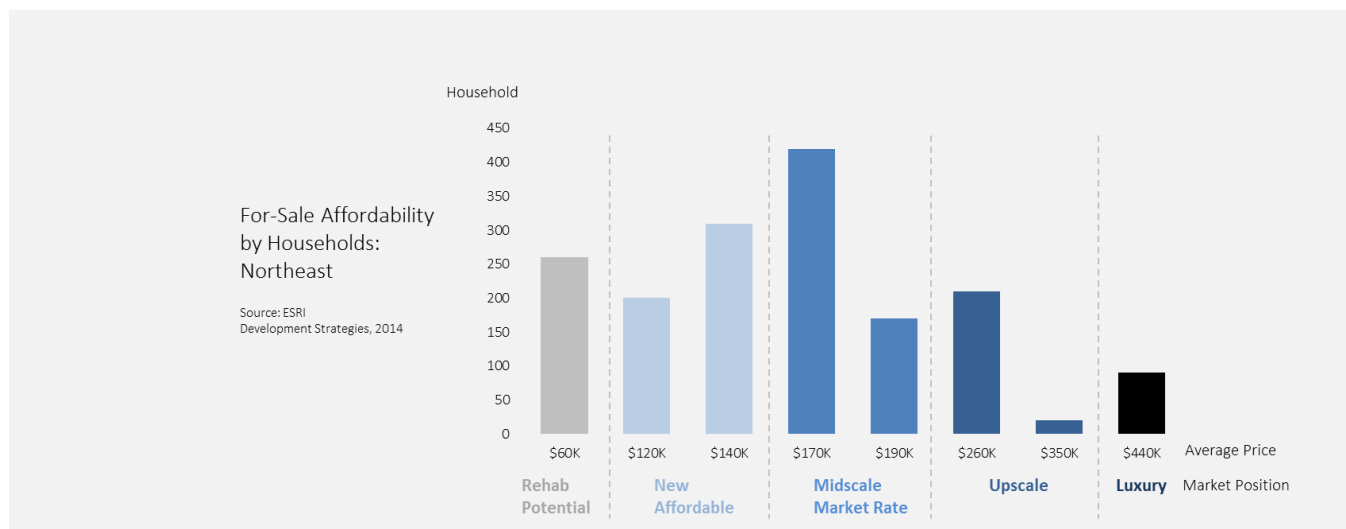
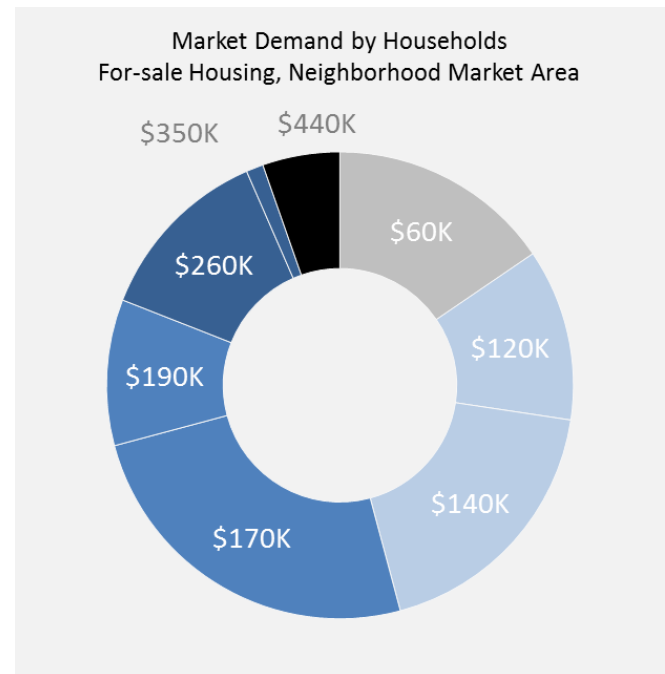
The Northeast submarket exhibits strong rental demand across nearly the entire spectrum of affordability. While subsidized and affordable units account for approximately 53 percent of the total figure, market rate units account for an additional 34 percent.

The apparent strong demand for subsidized units in this submarket is somewhat misleading. Due to the presence of Bob Jones University and several other university branches, a large proportion of the small, low-income households captured in this analysis are actually college students. As such, additional low-income housing would not be appropriate to meet this demand, and the development of additional student housing in this area will likely be driven by the market. Instead, a toolkit that targets university housing and includes significant code enforcement is probably in the greatest need.



The Northeast submarket is the most densely populated and ethnically diverse in the city, and is located near employment centers in both the university and the Downtown Greenville Airport.

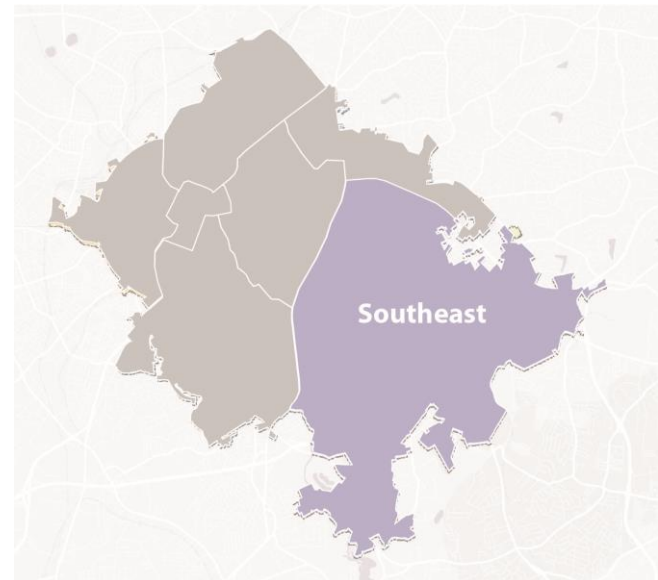
The affordability spectrum for for-sale homes is diverse as well, with most demand existing for midscale market rate homes in the wide range for \$140,000 to \$170,000, with additional demand near the top and bottom of the spectrum. Rehab potential and new affordable homes account for approximately 45 percent of total demand, while upscale and luxury units account for just less than 20 percent. This household distribution across a wide affordability spectrum suggests that mixed-income development may be appropriate in the area to leverage both private and public investment to meet the housing needs for a variety of household types.



Southeast

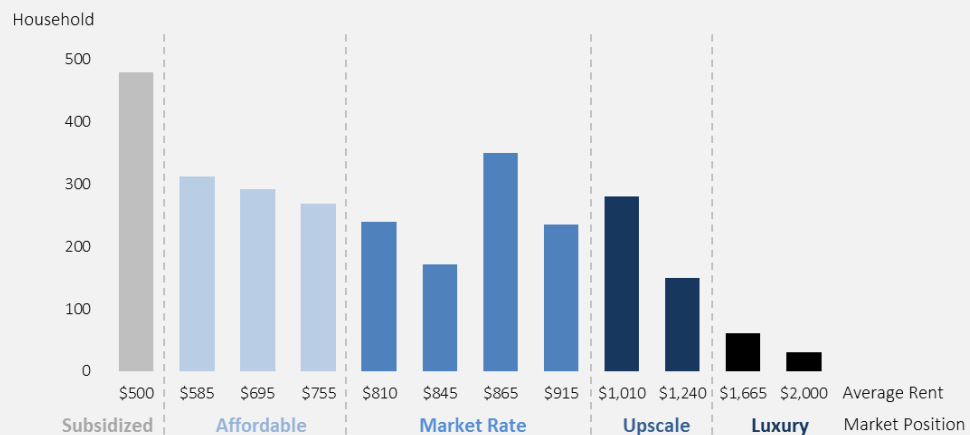
The Southeast submarket is the largest in size and second largest in population. The large number of households in the area generates demand across nearly the entire rental spectrum for subsidized, affordable, market rate, and upscale units. Apart from the South Side submarket, the Southeast is the only area to exhibit significant demand for luxury rental units.

While the Southeast submarket is the least densely populated of the seven designated in our analysis, it has grown the most significantly over the past decade, and captured nearly 70 percent of all population growth over the span. Yet even though median income figures in the submarket are well above the city average—and only slightly below the South Side—there remains a significant number of low and moderate income households in need of quality housing.



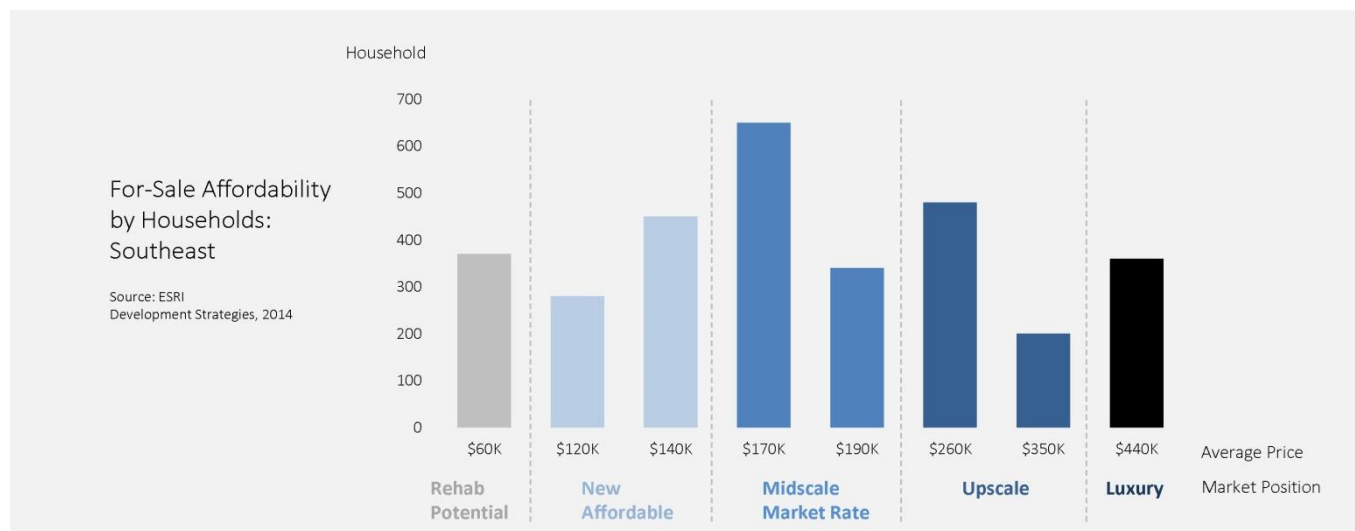
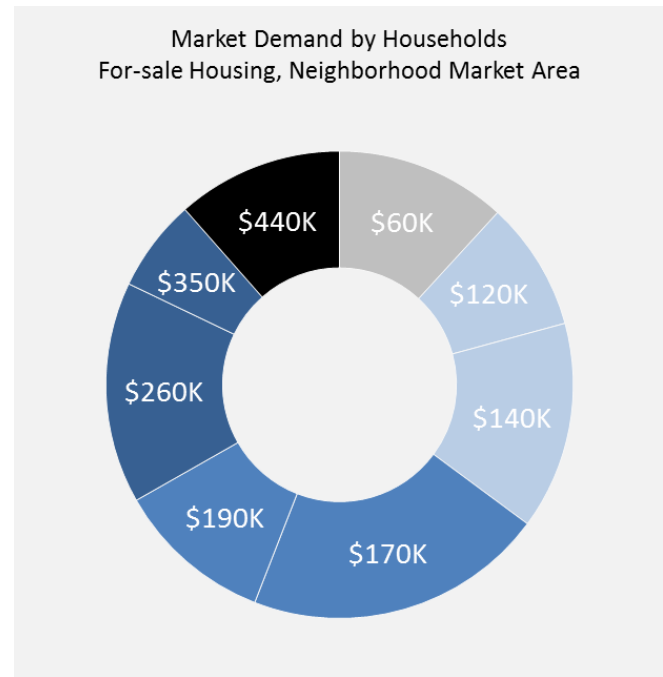
Rental Affordability
by Households:
Southeast

Source: ESRI
Development Strategies, 2014



Again, leveraging existing market rate multi-family development through the use of incentives and density bonuses as the submarket continues to grow could become a viable strategy to improve the quality of the affordable housing stock. In this submarket, the greatest challenge is likely to be getting approvals for denser housing formats (such as townhomes and apartments) that help to ensure that it provides a fair share of affordable housing, relative to other submarkets in the city.

Demand for for-sale homes is somewhat more targeted, with the largest proportion of households falling within affordability standards of midscale market rate homes along the price points of \$170,000 to \$200,000. Similar to the South Side submarket, ample demand exists for upscale and luxury homes. While most of the demand in the area is concentrated across midscale market rate units, approximately a third of households in the Southeast submarket meet affordability standards for homes \$260,000 or greater. Again, this relatively high cost of housing likely drives an even greater proportion of low-income households in the area to rent, as few can afford for-sale homes.



Chapter 6

HOUSING STRATEGIES

Crafting a citywide policy strategy is a complex undertaking because each neighborhood or collection of neighborhoods has different conditions, opportunities, and constraints—whether they be market, cultural, economic, or social. Therefore, strategy recommendations need to be tailored to different areas with different circumstances. Yet policies cannot be enacted for neighborhoods in isolation from the city or the region because they are interconnected. Further, public resources are sometimes limited and priorities need to be established based on the greatest need, the best opportunity for improvement (or return on investment), or both.

The following is a framework of housing strategies that can be implemented, in different degrees, depending on the needs and circumstances of specific neighborhoods. While some strategies are truly city-wide, they generally serve one of three broad neighborhood types:

Strong Markets and Strong Economies

In such neighborhoods, strategies of inclusion are often needed to ensure that a “fair share” of affordable housing is being provided. These often include:

- Efforts to reduce codified land-use discrimination based on income and affordability
- Efforts to reduce or eliminate discrimination based on source of income
- Development incentives to include affordable housing as part of a market rate development

Moderate Income, Mixed-Income, and Rapidly-Improving Economies

In these areas, strategies can vary greatly, but often center on investing where there is the greatest opportunity for leveraging private money with public incentives. The goal is to catalyze development and thereby encourage private investment to filter into adjacent areas. Efforts include:

- Mixed-income development
- Investment in commercial areas with catalytic potential
- Limited equity ownership: land trusts and cooperative housing
- Public private partnerships
- Developer/Community Development(?) partnerships
- Moderate development subsidies
- Proactive code enforcement

Weak Markets and Economies

Often the most challenged environments, these areas require a holistic set of long-term strategies that require efforts not only to improve housing, but also job opportunities and investments in people. They also often require greater prioritization of areas for investment. Such efforts include:

- Land banking and, perhaps, interim land uses
- Limited equity ownership: land trusts and cooperative housing
- Deep subsidy of affordable housing development
- Investments in education, job training, and social programs
- Foundation and philanthropic work
- Improvement of developer/community development capacity
- Home improvement subsidies

In the following section, these strategies are discussed in detail.

- Create a Framework for Targeted Investment
- Improve Market Conditions by Investing Opportunity Neighborhoods and Sites
- Improve Market Conditions through Quality of Life Enhancements and Placemaking
- Establish and Strengthen Public/Private Partnerships
- Cultivate Capacity and Capability for Community Development Corporations
- Address Housing Quality and Affordability with Zoning and Incentives
- Address Housing Quality through Enhanced Technical Assistance
- Improve Housing Access and Dispersion with Voucher Assistance
- Address Housing Quality with a Rental Database—A Carrot for Landlord Responsibility
- Quality Affordable Housing for Moderate Income Residents with Limited Equity Ownership Models
- Respond to Shifting Markets by Modernizing the Land Banking System

